FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,579 Weekend July 2/July 3 1988 D 8523 A

WORLD NEWS

S Africa drafts tougher law on segregation

Planned changes to South Africa's Group Areas Act will impose heavy fines and jail sentences on people who defy the country's residential race segregation laws.

The act is one of the main planks of the apartheid system and the proposals show the Government has bowed to white, right-wing pressure, rejecting demands for the law's abolition. Back Page; Background, Page 2

Hungarians turned back

Hungary's parliament accused Romania of unsocialist plans while Romania turned Hungarians back at the frontier as the rift between the two Warsaw Pact countries widened. Page 2

Lebanon bombs injure 47

A car bomb exploded injuring 36 people near a Syrian intelligence office in Moslem west Beirut. Another blew up 27 miles away in the Syrian-held village of Bir Elias, injuring 11.

Cleveland inquiry

The Cleveland inquiry into the handling of suspected child abuse cases will criticise doctors, social services and local police, the Press Association predicts. It will also say terrible damage was done to some families.

China pollution pledge

China promised to clean up a polluted reservoir south-west of Peking after a protest in which villagers fought police.

Military rank restored

China's parliament approved restoration of military ranks abolished 23 years ago.

Tanker cut in half

Crews salvaging a smitten Dutch chemical tanker in the North Sea returned to work on the vessel, declared safe again after leaking some of its dangerous cargo.

Iraq admission

Iraqi Foreign Minister Tariq Aziz admitted his country used chemical weapons against Iran.

TUC alternative call

The 43,000-strong Professional Association of Teachers is calling on unions outside the TUC to form an alternative group. Page 5

AIDS spreading

Officially reported AIDS cases have almost doubled in a year to 100,410, the World Health Organisation said. It estimated that between 5m and 10m people carry the HIV virus.

Compensation plea

MPs of all parties are pressing the Government to ensure compensation for investors in the failed Barlow Clowes investment group.

Ulster ruling

A High Court judge ruled there was discrimination against girls in Northern Ireland's 11-plus selection procedure. The case was brought by parents whose daughters were denied grammar school places while boys with lower marks succeeded.

Edberg fights back

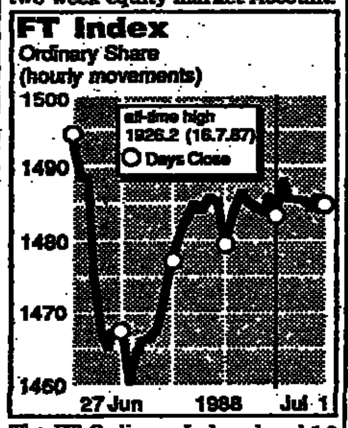
Sweden's Stefan Edberg fought back from two sets to love down in the Wimbledon men's semi-finals to defeat Mecir of Czechoslovakia 4-6, 2-6, 6-4, 6-3, 6-4.

BUSINESS SUMMARY

Bond buys 12.8% stake in Bell Resources

ALAN BOND, who heads the Castlemaine XXXX and Swan lager groups, emerged as the only remaining contender for the corporate empire of Robert Holmes à Court after Sir Ron Brierley and Kerry Packer dropped their joint A$1bn (£461m) bid for Bell Resources and an A$77m offer for J.N. Taylor. Back Page

UK securities market appeared rather subdued at the end of the week with a quiet close to the two week equity market account.



The FT Ordinary Index closed 1.9 up at 1,485.1. Page 12; Stock Exchange report, Page 4; Exchange backs shift, Back Page

CRUDE OIL prices continued to slide, with Brent oil closing at $13.85 a barrel for July delivery. Lex; Back Page

BRITISH PETROLEUM sold a $138.5m (£81.4m) package of North Sea oil production and exploration assets to London & Scottish Marine Oil Company and Ranger Oil (UK). Back Page

CHICAGO PACIFIC, US group, sold Rowenta, West German maker of household appliances, to SEB Group, a French appliances concern, for $255m (£149.9m) in cash and debt. Back Page

HARLAND and Wolff, Belfast shipyard, is expected to report a loss of about £25m for 1987/88, compared with £75m last year. Page 4

IVECO FORD TRUCK, UK truck maker, is to raise its output by more than 6 per cent. Page 8

EUROPEAN COMMISSION set 1988/89 farm prices after the deadline passed without agreement among EC Agriculture Ministers in Brussels. Page 2

EC and Hungary signed the most far reaching trade and co-operation accord ever between the Community and an Eastern bloc country. Page 2

ALITALIA was criticised for allegedly poor service from Professor Romano Prodi, chairman of the IRI state holding group which has a majority stake in the Italian airline. Page 2

HONG KONG: A former executive director with Barclays Asia in Hong Kong appeared in court there to face corruption charges linked with the collapsed Carrian group of companies. Page 3

JAPANESE manufacturer of Subaru cars, Fuji Heavy Industries, hopes to build a car plant in France by 1992. Page 2

SONY, Japanese consumer electronics company, is to produce and distribute films in an attempt to tap the entertainment "software" business. Page 10

LYONNAISE de Eaux, made a £21.6m recommended offer for East Anglian Water Company, the French water company's second full bid for one of the 29 statutory water companies. Page 8

Soviet conference approves Gorbachev reform programme

BY QUENTIN PEEL AND CHARLES HODGSON IN MOSCOW

THE EXTRAORDINARY conference of the Soviet Communist Party ended last night in four hours of heated and disputed voting on the sweeping reform plans for democracy and government proposed by Mr Mikhail Gorbachev.

Almost 5,000 delegates approved a package of resolutions on plans for separating the roles of the ruling party and the state, revising the whole legal system of the Soviet Union, and pressing ahead with the economic reforms of perestroika, after a day of high drama and conflict on the conference floor.

Speaking after the conference, Mr Gorbachev said it successfully pointed the direction to radical political and economic reform.

It had created the necessary impetus to perestroika, deepening of perestroika and the guarantee of its irreversibility.

Voting on the six key resolutions lasted throughout the evening after a formal announcement that the conference was to close. The live televising of Mr Gorbachev's closing speech was continually postponed as voting continued.

The drama came after a day of unprecedented revelations at a conference which has already produced more shocks to the Soviet body politic than any event of recent years.

The conference saw the first public criticism of the Soviet intervention in Afghanistan, and a furious response from the general commanding the Soviet forces there.

Even more dramatically it produced a public confrontation between Mr Boris Yeltsin, the sacked former Communist party leader in Moscow, and Mr Yegor Ligachev, number two in the Kremlin hierarchy, seen as the leading conservative in the ruling Soviet politburo.

Mr Yeltsin delivered an extraordinary statement of political faith, combined with an attack on the party bureaucracy at the very pinnacle of Soviet power, while Mr Ligachev produced a staunch defence of its most conservative members.

Mr Yeltsin, regarded as one of the most radical reformers in the Soviet leadership before his public disgrace last October, appealed to the almost 5,000 delegates for political rehabilitation. He made a passionate speech in support of perestroika, accusing leading members of the central committee of failing to break habits of the past.

"I believe my only error was to speak up at the wrong time," he said, referring to his attack on Mr Ligachev which led to his dismissal last year.

Mr Gorbachev intervened in Mr Yeltsin's speech to give him extra time to deliver his plea. The party leader told the delegates that they too would be given time to respond.

Mr Yeltsin's speech brought a stinging rebuke from Mr Ligachev, who declared that they disagreed "not only on tactics, but also on strategy."

The deputy leader denounced attempts to portray differences in the party leadership – in which he is always portrayed as Mr Gorbachev's main opponent. "There are neither conservatives nor reformers among the leadership," he declared.

He defended not only himself, but also Mr Viktor Chebrikov, head of the KGB, the committee for state security, and two men publicly attacked yesterday for their role during the years of "stagnation" when Mr Leonid Brezhnev was party leader: Mr Andrei Gromyko, the State President, and Mr Mikhail Solomentsyev, head of the party control committee.

Mr Yeltsin caused a sensation a month ago by calling publicly for Mr Ligachev to stand down. Mr Gorbachev was forced to answer the call in a televised press conference at the end of the Moscow summit. In his speech yesterday, Mr Yeltsin asked the conference "to pronounce my political rehabilitation."

However, Mr Ligachev, also delivering his first speech to the conference, said Mr Yeltsin "did not draw proper conclusions from his errors and the principled criticism of his party colleagues," according to the version of the closed debate published by Tass news agency.

He defended his position, declaring that he had always been a supporter of "perestroika and acceleration," and revealing that his family had suffered from the Stalin purges.

However, he agreed with much of the criticism of excessive freedom in the Soviet press as a

Continued on Back Page
Moscow conference, Page 3;
Man in the news, Page 6

THF condemned for court action by Savoy meeting

BY DAVID WALLER

THE Savoy Hotel group yesterday won a major propaganda coup in its seven-year battle to stay independent of Trusthouse Forte, the much larger catering and hotel concern.

At an extraordinary general meeting in the Savoy's flagship London hotel in the Strand, small shareholders voted overwhelmingly in favour of a motion condemning THF for its courtroom attempts to cancel a key block of the Savoy's high-voting shares.

The meeting was marked by bitter exchanges between Sir Hugh Wontner, the 79-year-old former Savoy chairman, and Mr Rocco Forte, chief executive of THF and son of Sir Hugh's long-time antagonist Lord Forte.

Afterwards, Mr Forte vowed to continue with the litigation and predicted that THF would win control of the Savoy "within two years." THF's takeover bid in 1981 left it with 69 per cent of the Savoy's equity but just 45 per cent of the votes.

Shareholders voted 53.23 per cent to 46.8 per cent against THF. Of the 380,000 votes held by those independent of either THF or the Savoy board, just 3 per cent sided with the larger company. By another measure, THF increased its overall share of the votes by a mere 0.24 per cent.

This was in spite of a vituperative speech from Mr Forte. Addressing the meeting of 300 shareholders in the elegant Abraham Lincoln room, he claimed the Savoy board was asking shareholders to whitewash and perpetuate a fraud.

He also accused Sir Hugh Wontner, a former Lord Mayor of London, of lying to shareholders about the circumstances surrounding the issue of the crucial tranche of shares in 1971, when the Savoy bought the Lancaster Hotel in Paris.

"We are here to consider the question of a fraudulent issue of high-voting B shares representing 5.77 per cent of the votes of the Savoy," Mr Forte said. "We believe that a fraud has been committed against the company and that something should be done about it."

He claimed the owner of the Lancaster hotel, a Mr Wolf, had wanted cash instead of shares. "At that time Sir Hugh Wontner told shareholders the shares were issued for the purpose of the acquisition and that Mr Wolf wanted shares, and particularly a high proportion of "B" shares.

"Evidence, that we have recently obtained, shows that Sir Hugh Wontner lied to the shareholders at that meeting. Wolf did not want shares, he wanted cash. And that is what he received."

The 79-year old Sir Hugh was cheered as he got up to respond to the allegations. While not going into much detail, he denied any "hanky-panky" and claimed that the latest bout of litigation was merely the "latest manoeuvre" from Lord Forte, chairman and founder of THF.

"He is trying to creep in through the back door," Sir Hugh said. At this, Mr Rocco Forte rose in defence of his father's honour: "My father only walks in through the front door".

Sir Hugh said the shares were owned by a "totally bona fide" Swiss charity: "Forte alleges that the shares were improperly issued, in total secrecy, in the

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WEEKEND FT

JOURNEY TO MARS

A joint Soviet-US journey to the Red Planet would be a great adventure. But would it be worthwhile? asks Peter Marsh

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Investor protection: a boost from the law

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PROPERTY

Majorca acts to gentrify its image

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TRAVEL

Florence and Fiesole; Roger Beard samples Italian cuisine

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DIVERSIONS

Congestion in the skies: Christian Tyler reports. Saleroom, Gardening, Cooking, and How To Spend It

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BOOKS

Joe Rogaly on Thatcher revalued

Page XVI

Hopes of interest rate rise fail to halt sterling slide

BY RALPH ATKINS

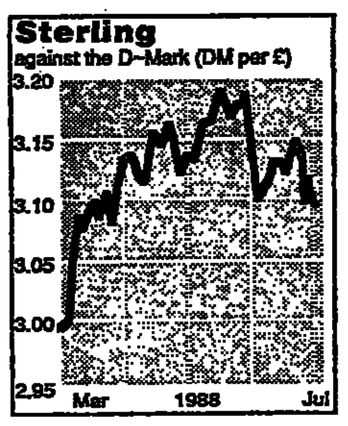
THE POUND ended a hectic week by slipping further against other major currencies in spite of growing speculation about another rise in borrowing costs.

London wholesale money market rates rose to a level which discounted a further ½ percentage point rise in bank base rates. Markets continued to be unsettled by Monday's trade figures showing a record £1.2bn current account deficit in May – followed on Tuesday by a half a percentage point rise in UK interest rates to 9½ per cent.

In spite of reassurances by Mr Nigel Lawson, the Chancellor, independent economists said further action was needed to calm rapid growth in the economy and ease inflationary pressures.

Britain's trade position has deteriorated significantly since the beginning of the year. The current account deficit for the first five months of 1988 totalled £4.7bn and predictions of £10bn by the end of the year are not uncommon.

Retail price inflation is also rising and average earnings are growing at an underlying rate of 8¾ per cent a year. Most analysts expect interest rates to rise to at least 10 per cent shortly.



The dollar strengthened further yesterday, albeit modestly, suggesting that the underlying trend is still upwards. Activity was quiet in the run up to the US Independence Day holiday.

Although a rise in UK interest rates is widely expected, there are no important UK economic statistics due next week and the Treasury and Bank and England are keen to maintain a policy of surprise. This could mean they will try to delay further movements.

Yesterday Mr Lawson said the Treasury forecast of a £3bn budget surplus this financial year was likely to be exceeded – another factor underlining the strength of the economy.

Higher interest rates in West Germany, signalled on Thursday by the Bundesbank, are also likely to increase pressure on the UK authorities to raise base rates. If the differential narrows it could undermine the monetary tightness that the Government believes is necessary to control inflationary pressures.

In London, sterling fell a pfennig against the D-Mark, closing at DM3.095. The Bank of England's sterling index ended 0.2 points lower at 75.0.

Trading in UK equities yesterday was quiet. The FT-SE 100 share index closed just 0.6 per cent higher at 1858.2. The FT Ordinary index was 1.9 higher at 1485.1.

The dollar closed at DM1.8195 after the previous close of DM1.8175. It climbed to Y134.4 against Y133.55 on Thursday.

Budget legislation, Page 3; Editorial comment, Page 6; Money markets, Page 12; Oil prices slide, Lex, Back page

Student loans plan faces long delay

BY PETER RIDDELL, POLITICAL EDITOR

INTRODUCTION OF a top-up system of loans for students, to be coupled with the current grants, may be delayed because of opposition from the Treasury and doubts expressed by the Government's parliamentary business managers.

The Department of Education and Science has been hoping to make an early announcement, followed by legislation in the coming parliamentary session to enable the scheme to be introduced in 1990.

However, after a series of lengthy discussions in a Whitehall committee, senior ministers closely involved doubt whether a financially feasible plan commanding sufficiently wide political support can be worked out soon.

Consequently, strong political pressure is being exerted to delay legislation for at least a year. Business managers fear that the present plan might run into criticism from all sides, including those who say it does not go far enough.

Although the issue has not been settled, the odds are now against early implementation. A

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University challenge, Page 4

Warburg directors' salaries cut

BY DAVID LASCELLES, BANKING EDITOR

TOP DIRECTORS at S. G. Warburg Group, the UK's leading merchant bank, and Mercury Asset Management, its sister company, have suffered big cuts in salaries as a result of last year's stock market crash.

Warburg's annual report yesterday showed that many of its 24 directors earned only half as much in the year ending March 31 as the previous year. Only two earned more than £180,000, compared with 14 the year before, and five received less than £70,000, the least any director received in 1987.

One of the biggest casualties was the chairman, Sir David Scholey, whose salary fell from £355,000 to £172,000.

Falls at MAM were even more dramatic. In 1987, when the company paid big accumulated bonuses, four directors earned more than £1m. This year the top salary was £135,000. Mr Peter Stormonth Darling, the chairman, saw his pay drop from £1.1m to £165,000, but the fall was accentuated by exceptional payouts last year in connection with the partial flotation of the MAM group.

Mr Michael Gore, Warburg group finance director, said yesterday that the falls reflected Warburg's practice of relating salaries closely to profits. "Directors are not on the breadline," he said, "but they're getting less than last year."

Earlier this week, Warburg reported a 13 per cent increase in profits to £111m, including a 70 per cent rise at MAM. But analysts have estimated that the crash cost Warburg £20 to £30m in trading losses and reduced revenues.

Mr Gore said another factor behind the lower salaries was Warburg's practice of making performance-related payments into trusts which were paid out to directors at the discretion of trustees. No pay-outs were made in the latest financial year.

Although the crash has taken a heavy toll around the City, Warburg appears to have passed the impact most directly on to its directors. The annual reports of other leading merchant banks such as Kleinwort Benson and Morgan Grenfell have shown only marginal reductions, though Kleinwort has cut perks.

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MARKETS

DOLLAR	STERLING
New York lunchtime: DM 1.822; FFr 6.14; SFr 1.515; Y134.4	New York lunchtime $1.6995
London: DM 1.8195 (1.8175); FFr 6.14 (6.1275); SFr 1.515 (1.504); Y134.4 (133.55)	London: $1.701 (1.708); DM 3.095 (3.105); FFr 10.4325 (10.465); SFr 2.5725 (2.575); Y228 (same)
Dollar index 97.9 (97.7)	Sterling index 75 (75.2)
Tokyo close Y134.5	

US LUNCHTIME RATES	LONDON MONEY
Fed Funds 7¾%	3-month interbank: closing rate 10¼% (10)
3-month Treasury Bills: yield: 6.73%	
Long Bond: 103⅝ yield: 8.81%	

NORTH SEA OIL

Brent 15-day July (Argus) $13.85 (14.25)

STOCK INDICES

FT-SE 100 1,858.2 (+0.6)
FT Ord 1,485.1 (+1.9)
FT-A All Share 969.88 (+0.1%)
FT-A long gilt yield index: High coupon: 9.57 (9.56)
New York lunchtime: DJ Ind Av 2,137.45 (−4.26)
Tokyo: Nikkei 27,503.53 (−265.87)

GOLD

New York: Comex August $439.5 (437.75)
London: $437 (435.75)

Chief price changes yesterday: Back Page

Austria Sch22; Bahrain Din0.650; Bermuda $1.50; Belgium BFr48; Canada C$1.00; Cyprus C£0.90; Denmark DKr10.00; Egypt E£2.25; Finland Fmk7.00; France FFr6.50; Germany DM2.30; Greece Dr120; Hong Kong HK$12; India Rup15; Indonesia Rp3,100; Israel NS3.50; Italy L1700; Japan Y600; Jordan Fils.500; Kuwait Fils.500; Lebanon $L125; Luxembourg LFr48; Malaysia Rin4.25; Mexico Pes900; Morocco Dh6.00; Netherlands Fl3.00; Norway Nkr10.00; Philipines Pes20; Portugal Esc120; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta145; Sri Lanka Rup30; Sweden SKr9.00; Switzerland SFr2.30; Taiwan NT$85; Thailand Bht50; Tunisia Din0.800; Turkey L600; UAE Dh6.50; USA $1.00.
SELLING PRICE IN IRELAND 60p

Budget surplus setback for tax plan

BY IAN RODGER IN TOKYO

JAPAN'S ruling Liberal Democratic Party received a setback to its controversial plan to overhaul the country's tax system this year from an unexpected quarter yesterday. The Finance Ministry announced that the Government had posted a record Y1,890bn (£8.3bn) general budget surplus last year.

This is expected to strengthen the view of the opposition parties in Parliament that reform is unnecessary. The LDP's tax reform plan is based in part on the idea that income and corporate taxes are too high.

The Government says it wants to ease the burden on income tax payers by introducing a consumption tax. It also says a better balance between direct and indirect taxes would make its revenues more stable as it enters a period when demands from Japan's rapidly rising ageing population will be increasing.

The opposition parties have been arguing that the Government could reduce income tax rates and still have enough revenue for its needs, especially if it became more aggressive in chasing tax evaders. Yesterday's final figures on last year's budget are bound to make them more determined to resist the reform.

The Finance Ministry said income and corporate tax revenues have been much higher than expected in the past year or so, thanks to Japan's booming economy. General account revenues ended up at Y46,790bn, Y3,700bn higher than forecast last spring, and leading to a healthy surplus rather than to an expected deficit.

Analysts said there was bound to be another revenue over-run this year. The revenue outturn for last year exceeded the Government's revenue estimate for the current fiscal year.

JAPAN'S buoyant job market continued to strengthen in May while prices remained stable, according to the latest official statistics, writes Ian Rodger.

The seasonally-adjusted unemployment rate fell to 2.5 per cent in May, 0.1 points lower than in the previous month, and the lowest level since April, 1985.

It was the 16th consecutive month of increases in this closely-watched indicator.

The consumer price index for the whole country rose 0.1 points in May (1985=100) from the previous month, and was up 0.2 per cent on a year on year basis.

The low growth was attributed to falling prices of manufactured goods and a slower increase in the prices of services.

Japanese invest more overseas

By Ian Rodger

JAPAN'S balance of payment figures for May have confirmed that Japanese financial institutions are once again investing heavily in foreign securities.

The net outflow of long term capital reached $16.2bn, $3.5bn higher than in April, and well above the trend in the second half of last year and the first quarter of this year.

Last summer, Japanese life insurance companies and other big institutional investors sharply curtailed their investments in US treasury bonds and other US securities because of their dismay over the dollar's persistent decline.

However, in May, their investments in foreign bonds alone jumped to $11.5bn from $8.1bn in April and only a little over $1bn in March.

Meanwhile, Japan's current account surplus in May declined for the fifth successive month to $5.8bn compared with $7.1bn in May, 1987.

The trade surplus declined for the 11th straight month, to $6.6bn, compared with $8.1bn in May, 1987. Imports were up a brisk 34 per cent in dollar terms to $13.4bn and 18.9 per cent in yen terms to Y1,678.8bn.

Romania imposes border restriction on Hungarians

BY LESLIE COLITT IN BERLIN

ROMANIA has stepped up the conflict with its Warsaw Pact neighbour, Hungary, imposing restrictions on Hungarians seeking to enter Romania.

Relations between the two countries have worsened dramatically following officially sanctioned mass protests in Budapest over plans by President Nicolae Ceausescu of Romania to wipe out thousands of villages in Transylvania, many of them inhabited by ethnic Hungarians.

Earlier this week Romania closed the Hungarian consulate in Cluj-Napoca in Transylvania, where most of the 1.7m Hungarian minority lives.

A representative of the Hungarian state travel agency, Ibusz, said yesterday it was told by its Romanian counterpart that all group travel by Hungarians to Romania had been cancelled for "business reasons".

"The telex said there was no hotel space for them," he noted.

Dr Istvan Degen, a central committee official in Budapest, said Romania had also introduced restrictions at the border on individual Hungarian travellers. Last year, more than 1m Hungarians visited relatives in Romania, the overwhelming majority of them as individual visitors.

"We do not know how long this situation will last," Dr Degen said. "They do not tell us anything."

Some Hungarians, he said, were still able to enter Romania. The Hungarian media frequently complained that Hungarians entering Romania were subjected to harsh controls and were not permitted to bring newspapers or other printed material into Romania.

The Hungarian Parliament yesterday in a unanimously supported statement called on Romania to "respect human rights." It expressed the hope that the plan to raze villages and replace them with agro-industrial centres would be abandoned. The legislature in Budapest noted that the destruction of the villages would amount to "an irreplaceable loss" for the Hungarian and German minorities and also for Romania.

Manfred Wörner: first German Nato chief

Wörner welcomes Soviet changes

By David Buchan in Brussels

THE changes taking place in the Soviet Union present Nato with more opportunities than risks, Mr Manfred Wörner said yesterday, his first day as Nato secretary-general. He said the highest Western alliance priority was to maintain "a solid and trustful relationship" between the US and Europe.

With yesterday's changing of the Nato guard, Mr Wörner becomes the first German to hold the top Nato political job in the alliance's 39-year history. He succeeds Lord Carrington, who is to take on the distinctly unmilitary role of chairman of Christie's, the London auction house.

Mr Wörner told a press conference that his two-fold objective would be to ensure the basic continuity of Nato policies, while preparing the alliance for changes needed in response to the fast-evolving process of arms control with the East and the need for a fair sharing of risks, burdens and responsibilities within Nato.

The 53-year-old former German defence minister has often been regarded, in West German terms, as a hawk – a label he refused yesterday to accept. He said deployment of US cruise and Pershing missiles after 1983, which he strongly supported, had been essential to get Moscow to agree to abolition of all medium range missiles in the Intermediate Nuclear Forces (INF) treaty.

Mr Wörner seemed yesterday to bring to his new job some of the particularly strong detente hopes that Mr Mikhail Gorbachev has generally aroused in West Germany, Nato's main frontline state bordering the Warsaw Pact. He said Nato would face a special challenge in "capturing all eventual benefits that may flow from the process of reform in the Soviet Union and Eastern Europe".

He paid tribute to Lord Carrington "whose steady hand had led the alliance in a difficult and turbulent period with mastery, skill and care". Mr Wörner's main diplomatic challenge will be Mr Gorbachev's fast footwork in the arms control field, and maintaining Nato unity in response to that.

He will, however, also have to try to orchestrate a smooth outcome of the current US drive to get its European allies to shoulder more of the Nato defence burden. He welcomed yesterday the Italian parliament's approval of the redeployment of the 72-aircraft US 401st Tactical Fighter Wing from Spain to Italy.

Mr Wörner's judgment briefly came into question a few years ago when he allowed the forced retirement of a German general assigned to Nato, whose alleged frequenting of a homosexual bar turned out to be a case of mistaken identity. Yesterday he said he was nominated to the Nato post "not primarily on my merit, but as acknowledgement of the important role and contribution of my country to the alliance". A West German, General Wolfgang Altenburg, is also currently chairman of the Nato military committee.

Mr Wörner's enthusiasm for matters military surpasses that of most of his predecessors. In addition to serving from 1982 to 1988 as German defence minister, Mr Wörner has a university doctorate for a dissertation on allied defence relations, and is a keen flier.

Japanese to set up car factory in France

BY CARLA RAPOPORT IN TOKYO

JAPAN'S investment push into Europe advanced further yesterday as a big carmaker confirmed plans to build passenger cars in France, while a leading audio company said it would locate its first overseas plant in France.

Fuji Heavy Industries, which makes Subaru cars, said yesterday that it intended to build a car plant in Angers in northwest France, if the French Government approves, by 1992. The site itself will cost about FFr 200m (£19m), but the total investment is expected to be much higher.

The initial production target will be about 30,000 units a year, creating 500 jobs. The company intends to build its small four-wheel drive cars under the Subaru brand. The investment would be the second Japanese passenger car plant in Europe, following Nissan's investment in the UK. Fuji Heavy's decision is expected to be followed by similar moves by Toyota and other Japanese carmakers.

At the same time, Yamaha reported yesterday that it would begin construction on its first overseas plant in Alsace, in northeast France, this year. The plant, which is targeted to achieve annual output worth Y3bn (£13m) a year by 1992, will produce tuners, receivers and compact disc players.

Both moves are being made against the background of Europe's move toward unification in 1992. In Yamaha's case, Europe accounts for almost 40 per cent of overseas audio sales. Yamaha said it chose the French location because of its strategic position in the centre of the European market.

Yamaha's investment in the Alsace plant is expected to be FFr 40m. The company expects to create about 40 jobs, with only three going to Japanese Yamaha employees. It also plans to recruit a French plant manager.

Anthony Robinson *looks at proposed changes to Pretoria's Group Areas Acts*

Law has something to offend everybody

THE SOUTH AFRICAN Government has lost none of its ability to draft complicated racial legislation capable of offending everybody. That is the impression left by the chorus of criticism which greeted the publication yesterday of Pretoria's proposed changes to the Group Areas Acts (GAA).

The existing laws, part of the bedrock of apartheid, were introduced in 1950 and subsequently amended, in line with the policy of separate residential and other facilities for the different races.

Since the mid-1970s, however, the pressures of black population growth, rapid black urbanisation and the artificial shortage of black housing created by government influx control policies has led to the creation of de facto integrated "grey areas" in all major cities.

According to a recent study by the Institute of Race Relations, the Government practically gave up the losing battle to preserve residential apartheid in 1982 after a Supreme Court ruling in the case of the State v Govender. This practically ended evictions under the GAA by ruling that violators could not be evicted unless they had other housing.

The reality on the ground prompted influential lobbies like the Urban Foundation and business organisations to press the Government to abandon apartheid social engineering, abolish the GAA and allow people of all races to find their own level on the basis of income and free choice rather than pigmentation.

In the heyday of "reform" a special study by the top level policy advisory body, the President's Council, was about to recommend just that. But President P.W. Botha, faced with continuing violence in the black townships and white reaction in the shape of the rising Conservative Party (CP), re-introduced the state of emergency and back-pedalled on such reforms.

The three draft bills published yesterday are the tortured response to the impossible and conflicting criteria imposed by the President.

The Free Settlement Areas Bill legalises the concept of racially-mixed areas for the first time. In practice it is expected to do little more than legalise existing de facto "grey areas". That, however, is sufficient to raise cries of "thin end of the wedge" from white conservatives. Meanwhile, critics on the "left" argue that such tinkering not only fails to deal with the moral issue but is doomed for practical reasons.

But this, and the accompanying bill designed to give local government representation to such mixed areas, is the best of the three bills, intended as a sweetener to the "left".

The third bill, the Group Areas Amendment Act, is designed to re-establish in an even severer form policing of the remaining group areas, the vast bulk of South Africa. This act, for example, raises the penalties for illegally buying property in the wrong group area from 400 to 10,000 rand (£2,500) and jail for five years instead of two.

Commenting on the proposed new legislation, Mr Tian Van Der Merwe, the PFP's group areas spokesman, pointed out that the new penalties compare with those for serious crimes like sexual molestation of children as well as infringing fundamental property rights. More to the point, he warned: "If this act is strictly applied and people are kicked out on the streets it could cause riots." That could be the understatement of the year.

Mr Zach de Beer, a 59-year-old businessman, is expected to become the next leader of the "liberal" Progressive Federal Party (PFP) following the resignation of Mr Colin Eglin, writes Anthony Robinson. Election of the new leader will take place at the party congress in Cape Town on August 5.

Mr Eglin, who is to remain in Parliament, was replaced as leader in 1979 by Mr Frederik Van Zyl Slabbert, the charismatic Afrikaner academic. Seven years later however the party asked him to resume the leadership after Mr Slabbert's shock resignation in February 1986.

Troops from a Kampuchean village militia train near Phnom Penh. They will replace Vietnamese forces which are withdrawing from the country

Pentagon inquiry progress slow

BY LIONEL BARBER IN WASHINGTON

THE US Justice Department has retreated from its early optimism about securing swift, multiple indictments in the Pentagon bribery scandal.

Law enforcement officials told Congress this week that the fraud probe is so complex that prosecutors do not expect indictments before the end of the year.

Mr Ed Meese, US Attorney General, said this month he expected indictments "within two to three months", a forecast which now looks too optimistic.

The scandal involves a ring of Defence Department officials and a host of big US military contractors trafficking in classified information on bid contracts using private defence consultants as go-betweens, according to court records and law enforcement officials testimony.

FBI documents released this week in Dallas showed that a Virginia consultant was peddling secret bid information on a $70m Marine Corps contract for an air traffic control system intended for battlefield use, the so-called Tactical Air Command Control.

Up to 80 other big defence contracts, covering fighter jets to gunfire guidance systems, may be similarly tainted, according to prosecutors.

Faced with a public outcry led by Congress, the Pentagon is considering whether to try to recover profits which defence contractors may have won by trading inside information.

However, such a move could prove as complex as securing convictions of contractors.

Prosecutors, following up wiretap information and thousands of subpoenaed documents, acknowledge they will need weeks to sift through potential evidence.

Brussels moves to set new farm prices

BY TIM DICKSON IN BRUSSELS

THE European Commission yesterday took matters into its own hands in setting 1988/89 farm prices when the deadline passed without agreement among EC Agriculture Ministers.

The crisis is the result of the continuing veto by Greece of a package acceptable to the 11 other member states of the Community.

The Commission's action was necessary to fill the "legal void" which would have existed when the 1987/88 marketing year expired at midnight on Thursday night.

In practice the Commission has simply anticipated what the Farm Ministers have politically, if not legally, endorsed. Thus milk, sugar and fruit and vegetable prices are maintained at last year's levels; cereal prices are pegged, with the exception of durum wheat (where the intervention price is cut by 5.2 per cent and production aid is increased by 12.5 per cent); and the proposed tightening-up in the beef regime (the new season starts on Monday) is now confirmed.

EC in co-operation pact with Budapest

BY WILLIAM DAWKINS IN BRUSSELS

THE EC and Hungary have initialled the most comprehensive trade and co-operation accord ever struck between the Community and an Eastern bloc country, the Brussels Commission said yesterday.

The agreement means the 2,000 or so quantitative restrictions with individual member states that now govern 5 per cent of Hungary's industrial and farm exports to the EC will be scrapped in three steps by the end of 1995.

Budapest had been hoping for free trade by 1992, but the accord is still wider-ranging than is likely to be the case for any of the bilateral deals now in varying stages of negotiation with six other Eastern bloc nations. In return, the EC has reserved the right to take emergency action in the event of any unfair under-pricing from Hungary.

A commission official said an industrial trade accord should be signed with Czechoslovakia by the end of the month, while the renegotiation of a 1980 trade and co-operation pact with Romania is making slower headway. Talks on EC accords with the Soviet Union, East Germany, Bulgaria and Poland are in the early stages.

The Budapest deal, the culmination of five years' work, comes a week after the signing of a formal recognition pact between the Community and Comecon, the Soviet bloc trading organisation and is the latest step in a general warming in relations between eastern and western Europe. However, Hungary is likely to be the only Comecon member to get a deal covering both agriculture and industry because its economic reforms have gone further than those of its Eastern partners.

Hungarian exports to the EC rose from Ecu 1.88bn (£1.2bn) in 1986 to Ecu 1.99bn last year, while Community sales to the Eastern bloc nation fell from Ecu 2.44bn to Ecu 2.37bn over the same period.

West Germans may face second round of tax rises

BY DAVID GOODHART IN BONN

WEST Germans may face a second round of consumer tax increases next year, in addition to the DM 6bn-7bn increase already planned, Mr Gerhard Stoltenberg, the Finance Minister, yesterday hinted that such an increase might be the only way to bring the 1989 budget deficit close to the original target of DM 30bn while also dealing with several last-minute calls on public funds.

Mr Stoltenberg, speaking after a meeting with the leaders of the coalition parties, also indicated that earlier plans to raise the unemployment insurance contributions of employers and employees — to deal with a deficit at the Federal Labour Office — might now be shelved. The original plan provoked a cry of anguish from industrialists already shouldering high non-wage labour costs.

It appears that the coalition leaders have also reached agreement on extra funds for the West German armed forces and on a plan to provide extra central government funds to the poorer states in the north and north-west of the country.

Mr Ernst Albrecht, the Prime Minister of Lower Saxony, has been leading a campaign to press the Government to take on some of the payments to the long-term unemployed that the poorer states are disproportionately burdened with. He has threatened to vote against the Government's 1990 tax reform in the upper house of Parliament, the Bundesrat, if about DM 3bn a year is not shouldered by Bonn.

This threat is being taken seriously because if Lower Saxony did vote against the tax reform in the Bundesrat next week it would probably fail. Mr Stoltenberg did not say whether his plan for the regions had Mr Albrecht's support. Yesterday's decisions will now go to a fuller meeting of the coalition parties on Monday.

Nancy Dunne finds some forthright views on the US presidential election among train travellers in the Mid West

Mood of cynicism emerges amid the evaporating Reagan dream

AMTRAK'S silver Empire Builder crawled past thirsty fields into the steamy Minnesota evening.

"It's Mother Nature," said the leather-skinned farmer, on his way to North Dakota, as he peered out through the dusk at the drought-stunted crops. "You can't fight it. You have to go with it."

While this year's harvest promises to be a bitter one for American farmers, the political landscape seems just as barren to many voters. Voices from the nation's heartland – from passengers on the Empire Builder – suggest new feelings of alienation are growing. The flagwaving of the 1984 election has receded into embarrassed memory; the endless sagas of political corruption in Washington and nasty campaigns of charges and countercharges have combined to yield cynicism and mistrust among the electorate.

In the air-conditioned lounge car, a bearded young man holds forth about the drug problem – the number one concern this year of most Americans, according to the polls. Drugs are brought into the US by the Central Intelligence Agency, the bearded man says. "That's how this country works."

Mr Bill Treanor, a locomotive engineer from Wisconsin, agrees that "the country's goin' down the tubes." A union man, who says his salary has been cut 20 per cent over the last two years, he sees Vice President George Bush as "a puppet of corporate power" and he wonders how long Americans will wait "before they do something strange" – like electing the Rev Jesse Jackson.

Gov Mike Dukakis, the likely Democratic nominee, is an unknown to most of the travellers, which conjures a comparison with former president Jimmy Carter. "I still can't figure how he came up on top," says Mr Treanor.

Snatches of song and raucous laughter burst from the lone smoking car. An elderly colonel from Connecticut and a retired business woman from Chicago are getting happily sloshed. Both are Republicans. Both heap scorn on politicians ("all crooks"), labour unions ("cost American jobs"). Rev Jackson ("a rabble rouser") and imports ("they should keep their Goddamn products at home.")

The Midwest is traditional Republican territory, but, after seven years of farm recession, Vice President George Bush will have a hard furrow to plough if he is to carry the region. One travelling journalist notes that the vice president was trounced 2-1 in a recent straw poll conducted by the Des Moines Register.

Michael Dukakis: unknown to most

George Bush: lacks Reagan's luck

The vice president may be the legatee of the Reagan record but, clearly, he has not inherited his patron's famed luck. The talk in the coffee shops of Iowa is all about the weather. Soaring commodity prices, pushed upward by the drought, are likely to raise interest rates. Unless the Administration is willing to rain dollars upon the nation's Farm Belt, then Mr Bush is likely to suffer the consequences of a renewed agriculture recession.

Over dinner, Mrs Trudy Froh, who has visited her family in Milwaukee, complains that President Reagan "wants the whole world to be a volunteer organisation, but there's many things in this country that need government intervention."

A petite, attractive woman who met her husband in the Young Republicans of Wisconsin, she worries about the plight of young families, who cannot afford health or day care. She knows women who stay on the dole just to get the medical benefits for their children. No one can afford to buy homes now. And she grieves for the homeless she has seen being evicted from trailer parks.

"Reagan puts his head in the sand," she says. "Yeah, everything is fine if your husband makes $90,000 a year." She concludes that she probably will vote for Governor Mike Dukakis, whom she has been told reformed the welfare system in Massachusetts.

Most of the children are sleeping in the club car, and in one section a group of feminists, travelling to a conference, talk earnestly through the night. George Bush, says one, Ms Lucy Creevey, a college administrator, is "a nonentity."

"I would not vote for him for dog catcher." She cannot forgive his jibe four years ago when, after his debate with Geraldine Ferraro, he claimed to have "kicked a little ass."

As the train lumbers along, it appears that the vice president's strongest backers are Mr Al Vanlith and Mr Mike Powell, an accountant and an executive, respectively, of a fibre optics company in Milwaukee. The two young men call themselves independents, but they want to see President Reagan's policies continued.

Somewhat incoherently, Mr Vanlith explains that the vice president is "expecting to ride on Reagan's apron strings," but both men fear that Mr Dukakis would make sweeping changes at the Federal Communications Commission, which until now, has fortuitously restrained competition against their industry.

Back in the smoking car, the colonel and the businesswomen are very drunk.

"I want Thatcher brought over here to run this Goddamn country," says the woman. "Throw out all these crooked politicians we've got and bring her over here."

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E.Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorham, D.E.P. Palmer, London. Printer: Frankfurter Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: C.A. Owen, Financial Times, Bracken House, Cannon Street, London EC4P 4BY. © The Financial Times Ltd, 1988.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

DELEGATES TOLD OF APPALLING POLLUTION LEVELS

'Greens' flower in Moscow spring

BY CHARLES HODGSON IN MOSCOW

AMID THE thaw of Mr Gorbachev's glasnost policy, the first signs of a "greening" of Soviet public opinion are beginning to emerge.

Environmentalist groups have been among the first to exploit newfound freedom of expression to voice criticism about the appalling ecological damage caused by decades of rapid industrialisation and large-scale construction projects. The issue was a constant theme at the conference.

Growing ecological awareness has also been in the forefront of nationalist demands, particularly those from the Baltic states of Latvia, Estonia and Lithuania, which have called for greater independence in economic planning.

This concern is now reaching the highest level of Soviet Government. At the opening of the conference, Mr Gorbachev spoke of the need to protect the environment and ensure rational use of natural resources.

The public concerns that have long been acknowledged by Western governments took root in the Soviet Union in the wake of the Chernobyl nuclear disaster.

Public protests led to the cancellation of at least one planned nuclear plant and led to a wave of requests to central government to reconsider expansion of nuclear capacity.

But the mood of criticism and open discussion sweeping the press has triggered a reaction to ecological damage that goes far beyond the debate on nuclear power.

A surprising number of speakers at the conference have called for tougher action to protect the environment and halt unchecked development. They have blamed central government for ignoring the problem too long.

The head of the newly-created state committee on environmental protection, Mr Fyodor Morgun, told delegates that air pollution in all Soviet cities exceeded permissible health standards and by ten times in 102 cities, affecting 50m people.

Unchecked industrial pollution of rivers threatens to make their water unfit to drink. The Baltic and Caspian seas were increasingly polluted and the Aral sea in southern Central Asia was an ecological disaster zone.

Soil fertility was declining and forests and lakes being destroyed.

In an emotional speech that won warm applause, Mr Morgun called for a breathing space in development and the closure or modernisation of industrial plants until they met pollution-control standards. Some 6m tonnes of toxic fumes were pumped into the atmosphere annually. He blamed planners, builders, scientists and bureaucrats, and, in keeping with the new mood for public exposure, promised that the guilty would be named and punished.

A nationwide campaign for environmental protection was under way, Mr Morgun said. But earlier, delegates from some regions had complained that the measures were ill-publicised and too weak.

A delegate from Komi in the far north of Russia complained of ruthless felling of trees to meet timber demand and suggested that forests faced extinction within the next 15 to 20 years. Another delegate called for emergency measures similar to those carried out after the Chernobyl disaster.

He suggested that the worst affected cities should be targeted for special financial and material aid.

Mr Gorbachev's proposed political and economic reforms would, on the face of it, appear likely both to help and hinder the environmental effort. By encouraging decentralisation of decision-making to local level, at least those regions in which the environment is considered an important issue should be freer to take action. However, by imposing strict cost accounting and self-financing on industry and encouraging enterprises to make a profit, ecological concerns could come low down on a manager's list of priorities.

Boris Yeltsin, disgraced former Moscow Communist Party chief, speaking to newsmen yesterday after his appeal for political rehabilitation. He served as Moscow party boss from December 1985 until November 1987, when he was dismissed by colleagues who accused him of stabbing the party in the back, Reuter reports.

Mr Yeltsin, who came to personify the Kremlin's openness drive during his tenure as Moscow party chief, was also dismissed from his post as a junior member of the ruling Politburo in February.

But in contrast with previous disgraced leaders sent into the wilderness, he was given a lower-ranking job as first deputy chairman of the State Construction Committee.

Muscovites have rallied to support Mr Yeltsin in street demonstrations, testifying to his popularity. As Moscow's leader he tackled problems with unprecedented candour.

A Moscow factory worker interviewed recently referred to Mr Yeltsin in voicing scepticism about change in the Soviet Union. "He was the only one who really tried to improve things for us, and look what happened to him," the worker said.

But after Mr Yeltsin told a Western interviewer during the Moscow superpower summit that he felt conservative rival Mr Yegor Ligachev should step down, Mikhail Gorbachev riposted by ruling out Mr Ligachev's removal and said Mr Yeltsin would have to explain himself to the party.

Afghanistan venture called into question

TWO influential officials yesterday questioned the decision to send soldiers to Afghanistan, but the commander of the Soviet forces remaining there praised their courage and commitment to helping Afghan citizens, AP reports from Moscow.

The discussion of Afghanistan on the fourth day of the conference apparently lacked the sharp character of debates on glasnost, the economy and other issues.

Coupled with the Soviet leader Mikhail Gorbachev's own criticism, and some personal criticism during the conference, of President Andrei Gromyko, foreign minister for 28 years, it indicated serious dissatisfaction with the conduct of foreign-policy earlier this decade.

Mr Grigory Baklanov, editor of the literary journal Znamya, said the decision to intervene in Afghanistan in December 1979 was made "in defiance of the machinery of democracy" and that some candidates, or non-voting members of the ruling politburo, learned about the original decision to send soldiers to Afghanistan by reading the newspapers.

"I receive many letters from mothers," he said in remarks broadcast by Soviet television. "They ask, 'How did this happen? Who supported it?'."

Mr Yevgeny Primakov, head of the Institute of World Economics and International Relations of the Soviet Academy of Sciences, said the decision under the late President Leonid Brezhnev was made "without a proper examination of the possible alternatives to a political resolution."

The commander of the Soviet forces, Lt Gen Boris Gromov, said this week that Soviet soldiers were no longer taking an active part in the fighting.

Addressing the party conference yesterday, he rejected claims that the Soviet force had been beaten in Afghanistan.

"We came to Afghanistan not to win battles, but to defend women and children, villages and cities. And we have performed our duty with honour," he said.

In his opening address to the party conference on Tuesday, Mr Gorbachev praised the soldiers who served in Afghanistan.

According to the terms of an April 14 agreement signed in Geneva, a fifth of the 100,000 Soviet soldiers have left Afghanistan and the remainder must go by February 15 1989.

Princely advice for Mr Gorbachev

David Marsh finds a fan of Mikhail Gorbachev's reform programme in the head of Germany's royal family

THE HEAD of the German royal family, Prince Louis Ferdinand of Prussia, a man with more cause than most to regret the spread of Soviet Communism, has given ringing imperial backing to the reform drive of Mr Mikhail Gorbachev.

In an interview last week at the Prussian dynasty's ancestral home, the Hohenzollern Castle in southern Germany, Prince Louis said Mr Gorbachev's "fantastic" programme could pave the way for new co-operation reminiscent of Germany's links with Czarist Russia before the First World War.

"I hope Gorbachev turns (from Saul) into a Paul," said Prince Louis, an avuncular 80-year-old who still goes horse riding every day. He is the grandson of Kaiser Wilhelm II, who was forced to abdicate in November 1918.

"A free regime and a market economy (in Russia) would be an enormous blessing for the world." He has doubts about whether Communism could be reformed, pointing to the opposition at the Moscow party conference. But he thinks that Germany and Russia could be excellent partners.

Sipping his third or fourth pre-lunch Tio Pepe sherry, he sounded a note of criticism against Moscow's anti-alcohol campaign. "That is the greatest nonsense he (Gorbachev) can do," he said. The Prince, whose wife and grandmother were Russian, and who has just bought a copy of Mr Gorbachev's best-selling book Perestroika, said the anti-alcohol effort would cost the economy billions of roubles. Also, it would drive liquor distilling into the black economy.

He whimsically advised Mr Gorbachev to take over the anti-prohibition election slogan "Dripping Wet" used in 1932 by President Roosevelt – whom the Prince got to know well while working for the Ford Motor Company in the US before the war. Prince Louis, the head of a family which lost nearly all its land – about 200,000 acres – after the post-Second World War Communist takeover of eastern Europe, still maintains his claim to the German throne. He says it could be realised however only after reunification of East and West Germany – a move which he accepts he will not live to see.

As a sign of more openness, the Prince said he had visited a few months ago his birthplace at Potsdam outside Berlin as the official guest of the East German government. Although he has frequently been to East Germany on private visits, this was the first time he had been to Potsdam since the end of the war.

The royal family is still held in great public esteem in West Germany. This is partly, he chuckles, because, "we are completely harmless". Additionally, it draws nothing from taxpayers. Asked about his finances, he murmurs, "We are not exactly poor" as he accompanied his guest through the castle's public restaurant for a modest lunch of consommé, trout and wine. Visitors seated at the tables broke out into applause. The restaurant management welcomed the Prince as "Imperial Highness" – which he admits these days is a courtesy title only – and kissed him affectionately on both cheeks.

The family is officially above politics, but Prince Louis said he supports the liberal-conservative Bonn coalition and hopes its present troubles will be only temporary. He is on good terms with Mr Helmut Kohl, the Chancellor, who also addresses him as "Imperial Highness".

He is also a fan of the East-West detente policies of Mr Hans-Dietrich Genscher, the Foreign Minister. Mr Genscher, born in what is now East Germany, is, says the Prince, "a Prussian from the province of Saxony".

Relations with the Social Democratic Party, for which the Prince voted in 1972, have become less warm in recent years. The Prince's favourite SPD politician is Mr Willy Brandt, who as governing mayor of Berlin in 1965 allowed him to use the city's Charlottenburg castle for his eldest daughter's wedding celebrations.

The owner of a propeller-driven Cessna sport aeroplane, Prince Louis said he is extremely sorry about the present Bonn row over the government's decision to exempt from sales tax aviation fuel for private flying. Noting mischievously that he flies less than twin-jet owner Mr Franz Josef Strauss, the Bavarian Prime Minister, who has pushed through the measure, the Prince said: "I would gladly pay the tax."

German illustrated magazines fill many pages a week with exploits of the far-flung royal House of Hohenzollern. With seven children and 15 grandchildren, "we are not dying out," he said. Referring to censorship during the Nazi period, he remarks philosophically on the irony: "Goebbels tried to bury us alive – now there are photographers everywhere."

The Prince had contacts with some members of the unsuccessful resistance movement which tried to kill Hitler in 1944. He angrily counters suggestions that he did not actively enough stand up to the Nazis or should have gone into exile abroad.

"The Germans are not revolutionaries, they love order... The others had the weapons... The army did not want to take part (in any resistance).

He maintains that history would have been different had his grandfather – who was crowned 100 years ago on Saturday – come to the throne a more mature man, or if the First World War victors had not insisted that Germany should have no more Kaisers. "If Germany had remained a monarchy, there would have been no Hitler, and no Holocaust," he said.

Banker on corruption charges in Hong Kong

By David Dodwell in Hong Kong

A FORMER executive of Barclays Asia appeared in a Hong Kong court yesterday to face corruption charges linked with the collapsed Carrian group of companies. The charges involve about HK$5m (£375,000).

Mr Stuart Turner, who was an executive director with Barclays Asia in Hong Kong in 1982 before the collapse of Carrian with debts of about HK$10bn, is accused of accepting Carrian shares and cash worth about HK$3.9m from Mr George Tan, the former chairman of Carrian, as a reward for business favours.

In addition, he is accused of accepting bribes from executives in two other companies connected with Carrian.

Mr Turner was arrested in London in June last year, and only last week abandoned an appeal against an order for his extradition to Hong Kong.

He arrived in the British territory on Thursday under the escort of officers of Hong Kong's Independent Commission Against Corruption (ICAC).

Mr Turner made no plea in response to the charges, and was released on bail of HK$1m. He will appear in two weeks' time in a local district court.

Separately, also in connection with Carrian, three writs were issued yesterday by the Hongkong and Shanghai Banking Corporation and two affiliates against Price Waterhouse, the accountancy firm, for damages for alleged negligence in the preparation and publication of Carrian's 1981 accounts.

The writs have been issued by the Hongkong Bank, Wardley Ltd, the bank's merchant banking arm, and Wardley International Bank. The amount claimed in damages has not been disclosed.

In September last year, a fraud trial in connection with Carrian was brought to an abrupt and unexpected halt when the trial judge ruled that the four defendants, among them two Price Waterhouse employees, had no case to answer.

In dismissing charges in what had come to be the longest and most expensive trial ever held in Hong Kong, Mr Justice Barker said there had been "uncontradicted evidence of many deceptions practised on Price Waterhouse accountants."

He added: "If anything, the evidence disclosed a conspiracy against the auditors."

The trial lasted 281 days, and cost about HK$27m of taxpayers' money to prosecute.

Tender plan for running of leisure facilities confirmed

BY TOM LYNCH

COUNCILS ARE to be compelled to put the management of their sport and leisure facilities out to tender, Mr Colin Moynihan, the Sports Minister, confirmed in the Commons yesterday.

However, he told MPs he had taken account of the views of local authorities in allowing them to retain control of pricing and admission policies, and of opening hours.

Facilities covered by the announcement include sports centres, leisure centres, swimming pools, golf courses, bowling greens, tennis courts, soccer pitches and athletics tracks. Amenities provided jointly by schools or further education colleges will be exempt.

Tendering will apply to English counties and non-metropolitan districts and all Scottish councils from January 1992. Half the London boroughs and English metropolitan districts will be covered from August 1992 and the rest from January 1993. A timetable for Wales is to be announced.

Tory MPs supported Mr Moynihan's assertion that compulsory tendering would "yield greater value for money from local authority expenditure on sport and recreation through more effective management and marketing of the facilities, and a greater sensitivity to the needs of the community."

However, the plans were attacked by Labour MPs in an angry session of questions after the minister's statement. Outside the House, organisations including the Central Council for Physical Recreation and trade unions representing council employees voiced concern.

Mr Denis Howell, the shadow sports minister, described the proposal as "a lunatic exercise." Local authorities that had privatised their management had made "no real savings."

To Labour cheers, he said: "When vandalism and hooliganism is rampant in our society, when anti-social activities in all our communities are on the increase, these acts are a massive distraction to local authorities and a total disincentive to the governing bodies of sport, a disgrace."

For the Social and Liberal Democrats, Mr Simon Hughes predicted higher charges. "Instead of more and more sport for all, there will be more and more sport for all who can pay, and less and less for the rest."

Mr Moynihan described Labour's criticisms as "total and utter nonsense," arguing repeatedly that commercial management would ensure success by attracting more people to use the facilities. "This is a real incentive to achieve sport for all."

He said the measure would force many councils to identify for the first time the specific costs of operating their facilities. The best way to ensure value for money was competitive tendering.

Mr Moynihan said that management functions were to be defined as taking bookings, collecting fees, cleaning and maintaining buildings and sports surfaces, supervising activities, catering and employing and training staff.

Iveco Ford to raise truck output

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

IVECO FORD Truck, the leading UK truck maker, is to increase production from September by more than 6 per cent to meet growing demand in the UK truck market.

The company now expects total UK sales of trucks above 3.5 tonnes to reach 65,000 this year, the highest since 1979 and an increase of about 12 per cent from 57,939 last year.

Iveco Ford, formed in 1986 in a merger of Ford's UK truck operations with Iveco, the commercial vehicles subsidiary of Fiat of Italy, said yesterday it would increase truck output to 81 units a day from September. That compares with the current level of 76 units a day.

The company has slightly increased the manufacturing workforce at its assembly plant at Langley, Buckinghamshire, to raise production to levels not reached since early 1980 and the recession in the truck market. UK truck sales fell by 43 per cent between 1979 and 1981.

In the first five months of this year output of Iveco Ford's UK-produced range of Cargo trucks was 7,200, up 31 per cent on January-May 1987 when it was 5,500.

The company has been vying strongly for the leadership of the UK truck market with Leyland Daf, the UK subsidiary of Daf of the Netherlands. Leyland Daf has already announced that it is to increase production by 15 per cent. Output will reach 68 units a day compared with 59 now.

Leyland Daf expects production this year at its plant in Leyland, Lancashire, to reach about 15,500 units compared with 12,000 last year and 8,500 in 1986.

Industry forecasts suggest that Iveco Ford output at Langley might total about 16,000 units this year compared with 14,404 in 1987 and 11,994 in 1986.

Iveco Ford narrowly won the battle for market leadership last year with 22.9 per cent of all sales compared with 22.4 per cent for Leyland Daf.

The gap has widened this year. In the first five months, Iveco Ford took 24.4 per cent, compared with the 22.3 per cent captured by Leyland Daf in a total market that has jumped by 18 per cent to 27,899 units.

Law Society faces action on apartheid

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE LAW Society, the solicitors' governing body, is being threatened with legal action over its refusal to allow its attitude towards South Africa to be discussed at its annual meeting later this month.

The society has rejected as "inappropriate" two motions endorsed by more than 50 solicitors who are members of Lawyers Against Apartheid.

One concerns the Law Society's investments in companies operating in South Africa.

The other calls on the society to continue to seek a reprieve for the Sharpeville Six and to campaign for the abolition of the death penalty in South Africa.

The anti-apartheid lawyers intend to try to seek a judicial review of the rejection of the motions, with a view to getting it quashed by the court.

Mr Russell Levy, of Lawyers Against Apartheid, said yesterday that they were "incensed" by the rejection of the motions – particularly that concerning the Sharpeville Six.

He said he could not see how that motion could be said to be inappropriate and not to concern the Law Society's affairs when Mr John Bradbeer, the Law Society's President, had written t. President P.W. Botha pleading for clemency for the six.

Mr Levy said that the Law Society's investment portfolio included holdings in such companies as Shell, BP, BAT and Rio Tinto Zinc, which had substantial operations in South Africa.

Mr Walter Merricks, the Law Society's head of communications, said yesterday that the investments motion was contrary to the society's charter, which gave the exclusive management of the society's investments to its ruling council.

He said that, had the motions not been submitted at the last minute, the society might have been able to suggest a way of redrafting the Sharpeville Six motion to make it eligible.

Ralph Atkins reports on the committee stage of the Budget legislation

Playing up in a game already won

"I DETECT a slight change in the atmosphere," Mr Andrew Smith, Labour MP for Oxford East, observed dryly. Darkness was falling outside the high windows of the House of Commons committee room that overlooked the Thames.

For more than two hours, the Commons Standing Committee A had been debating one word in the 139-clause, 21-schedule, 157-page Finance Bill. At that rate it would have taken 20 years for tax changes announced in the March Budget to become legislation.

However, a deal had been reached through "the usual channels" of party managers on a timetable for debating the bill. The exhaustive discourse on an opposition amendment to remove the word "material" from a clause on VAT, drew rapidly to a close and Mr Smith sat down.

By Thursday night, after 14 sittings spread over seven weeks, the committee approved the final clauses of the bill and it passed to the main chamber for its report stage.

Labour's fascination with VAT clauses was deliberate. While backbenchers debated the Latin roots of materialism and materiality, more important talks were taking place in the committee corridor.

Furtive discussions between Treasury ministers and Labour frontbench spokesmen on green leather benches in the long committee corridor meant that Labour obtained the debates it wanted and the Government obtained its bill.

In March, Labour backbencers erupted in anger as Mr Nigel Lawson, the Chancellor, announced in his Budget top-rate tax cuts and no extra money for the National Health Service.

However, during the committee stage the party's tactics were to force vigorous discussion on key issues. Legislative hooliganism to wreck the bill was eschewed.

The Opposition tabled amendments and forced votes on many clauses. However, the large Conservative majority meant that no vote came close to success.

Although the committee sat for more days than for any finance bill since 1979, the score at the end was unchanged at: Government 139 clauses; Labour, nil.

On the Conservative side, the lot of backbenchers was not a very active one. It was their bodies, not their minds, that were wanted by Mr Mark Lennox-Boyd, MP for Morecambe and Lunesdale and the Government's whip on the committee.

Conservative backbench speeches and amendments were were kept to a minimum – although there was no limit on mischievous interventions to Labour speeches. Instead, backbenchers spent the long hours writing letters and sorting constituency business. Sometimes sessions lasted from 4.30 pm until early the next day.

However, a few Conservative backbench contributions did attract some interest. In particular, the Most Ardent Campaigner award has to go to Mr John Butterfill (Bournemouth West).

His finest hour was between 11 pm and midnight on Tuesday, when his clause extending tax relief for interest on mortgage annuity schemes for over-65s forced the Government on to the defensive.

Some 16 Conservatives had signed the clause but only Mr Butterfill voted in favour of it. It was hardly the stuff that turns history, but considering the size of the Government's majority in the Commons, it was a start.

John Marek: Led the VAT debate

John Butterfill: Ardent campaigner

Labour's big stumblingblock was the subject matter. For government ministers there was always a phalanx of advisers and a sheaf of expertly written notes to consult. The Opposition had to rely largely on its own research team.

By tradition, the Chancellor and his shadow are not committee members. Instead, the frontbench teams were led delicately through the bill by the chief secretary and his shadow, Mr Gordon Brown, MP for Dunfermline East.

Down murky passages in the bill on portable pensions or sections with headings such as "assets generating tariff receipts: extension of allowable expenditure," their vigilance was admirable.

Clause 59, for instance, was Lloyd's insurance. "The arrangements are very complex," Mr Nicholas Brown, a Labour spokesman, admitted. "Although the full weight of the parliamentary Labour Party's research facilities has been brought to bear on these matters, we have not been able to catch the Government doing anything so outrageous that we can make a fuss about it."

The star performer on obscure tax arrangements, however, was Mr John Marek, Labour MP for Wrexham. He led the great VAT debate (along with help from backbench colleagues) and earned praise from Mr John Major, Chief Secretary to the Treasury, for his skill in speaking "on matters of no importance whatsoever."

Mr Marek was helped by his past experience as a mathematics lecturer. Others were perhaps less well equipped. The Labour team was rich in former social workers, lecturers, charity workers and legal workers but not in tax experts.

In contrast, the Conservative backbenchers boasted bankers, chartered accountants, Harvard business school graduates, barristers and financial consultants galore.

By coincidence, Mr Nicholas Brown for Labour and Mr Michael Jack, Conservative MP for Fylde, shared a common background at Procter and Gamble, the household products group.

Mr Jack worked on marketing Daz soap powder while his future opponent fought for Ariel, a rival soap. Mr Brown confided: "I later transferred to a product known as Lenor which provided housewives with a softness and a freshness that they had never known before. That was the loving touch of Lenor."

Order was restored, quite rightly, by Mr John Hunt, Conservative MP for Ravensbourne, the chairman. "We are discussing personal pension schemes, not personal freshness schemes," he reminded members.

According to textbooks, the committee stage of a bill is for detailed clause-by-clause scrutiny. Yet, although the Government added a few clauses and amended others, Budget measures remained largely unaltered.

In the soap opera world of House of Commons committees, the darkness of Finance Bill technicalities was lifted by levity. The result was a foregone conclusion. What mattered was how the game was played.

Job cuts help Harland trim loss by £50m

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

HARLAND AND WOLFF, the state-owned Belfast shipyard, is expected to report a loss of about £25m for 1987-88, compared with £75m last year.

The reduced loss is believed to be due to increased productivity, after a breakthrough in negotiations with key groups of workers, and to better trading performance.

The improvement is greater than expected, although Harland was known to be benefiting from lower wage costs after a 22 per cent cut in staffing in 1986-87, which cost £17m.

The figures, which are expected to be published within the next two weeks, may complicate government plans to transfer the yard to Mr Ravi Tikkoo, the Indian-born shipping magnate.

Officials of the Northern Ireland Department of Economic Development have offered the yard to Mr Tikkoo for a nominal sum, together with a guaranteed subsidy of around £70m for a $500 luxury cruise ship called the Ultimate Dream, to be built for Tikkoo Cruise Line.

Mr Tom King, the Northern Ireland Secretary, has indicated that the Government wants to complete the negotiations as quickly as possible.

There will be pressure, however, for other options to be considered, including a second offer which emerged yesterday from an organisation representing an unidentified group of British businessmen.

Mr Ken Roberts, general secretary of the Institute of Production Control, said he intended to contact ministers to see whether a rival bid would be considered.

The IPC claims to have financial backing of £265m from a leading UK public company and several wealthy individuals for a project to build a 75,000 gross tonnes cruise ship in a British yard and operate it largely in UK waters.

Mr Roberts said Harland was the preferred yard to build the ship, and claimed the project would have to be transferred to a yard in Continental Europe if Mr Tikkoo gained control of Harland.

He said the IPC had access to substantial funds, and would be able to pay a fair price for the yard if the Government was willing to negotiate.

However, the IPC project is regarded with some suspicion by government officials and shipbuilders, principally because Mr Roberts refuses to disclose the identity of his backers.

His claims that the project is designed solely to demonstrate that British industry is still capable of completing prestige projects have led shipbuilders to believe that the project is less than credible.

On the other hand, the IPC has persuaded 40 members of the British Maritime Equipment Council to pay £2,500 each for inclusion on a "preferential list" of potential sub-contractors.

MPs press for aid to Barlow Clowes losers

BY PETER RIDDELL AND RICHARD WATERS

THE GOVERNMENT is under growing cross-party pressure from MPs to ensure that compensation is paid to people who entrusted money to the failed Barlow Clowes investment group.

By yesterday morning some 26 MPs, mainly Tories, had backed a Commons motion arguing that if the independent investigation by Sir Godfray le Quesne were "to show that the role of the Department of Trade and Industry had been a contributory factor to the current financial distress of investors, then the Government should provide compensation at the earliest practical date."

Meanwhile a group of eight law firms acting for about 4,000 Barlow Clowes investors is preparing to set up a steering group to co-ordinate attempts to recover their clients' money.

Mr Anthony Gold, a partner of Manchester lawyers Alexander Tatham, which represents 1,800 investors, said: "We're looking on their behalf at the possibility of claims against financial intermediaries and the Department of Trade and Industry."

A meeting with liquidators Cork Gully earlier this week has provided investors with more information supporting any legal action they may mount, he said.

The steering group of lawyers will be formed on Tuesday, while a separate steering group representing investors will be set up on Wednesday.

Echoing the concern of other MPs, Mr Tony Blair, Labour's trade spokesman, argued in a speech last night that "the Government and the financial community cannot walk away from this tragedy.

"They have a responsibility to ensure just restitution is made with speed and without the necessity and agony of protracted court proceedings."

Mr Blair said: "It now transpires that unknown to the innocent investor, warnings were buzzing to and from the Bank of England, the Stock Exchange and the Government that should have set alarm bells ringing."

He argued that those who were suffering were "not greedy speculators out to make a quick killing.

"They were people of good faith who invested on the strength of the DTI's stamp of approval for Barlow Clowes and on the basis of putting their savings into government stocks."

The DTI's handling of the Barlow Clowes case and the problems concerning the small investor will be raised by Sir Peter Emery, the Conservative MP for Honiton, in a late-night adjournment debate in the Commons next Tuesday.

It will probably be heard in the early hours of the following morning.

Former Reagan man for Morgan Crucible

MR Richard Perle, the former US assistant Defence Secretary who was one of the most prominent "hawks" in the Reagan Administration, is joining the board of Morgan Crucible, the UK industrial materials and electronics group, as a non-executive director.

Marx means markets, says Labour spokesman

By Peter Riddell, Political Editor

A LABOUR spokesman yesterday appealed to the the spirit of Karl Marx to justify the emphasis on markets in the party's current policy review.

Mr Jack Straw, the party's education spokesman, claimed in a speech at Slough that Marx would "have supported the process of Labour's policy review, of connecting our ideas with a changing world. For this process is genuinely dialectical. It is a great pity that Marx's alleged disciples today cannot see that. They behave like born-again Christians who have read only the opening chapter of Genesis and then tell others that they know it all."

He argued that Marxism means markets, as did clause four of Labour's constitution. "How absurd that the flat-earthers in our movement should have suggested that coming to terms with the existence of markets represents some kind of betrayal of socialism. In today's reality Marx would have acknowledged that the key is not ownership but control.

"The critical challenge for democratic socialists is not whether markets should exist, but rather how, for whom, and by whom they should be controlled and regulated."

This weekend party leaders will seek to take forward the party's policy review by promising further and more detailed rethinking during the coming year.

This emphasis will mainly surface at a conference today of the loyalist left Labour Co-ordinating Committee attended by five members of the shadow cabinet.

Meanwhile, Mr Neil Kinnock, the Labour leader, will seek to deflect recent internal criticism with a wide-ranging speech on the National Health Service during an all-day rally on Sunday to mark its 40th anniversary.

Yesterday, several members of the shadow cabinet made speeches defending the policy review against criticism from the hard left.

Mr Roy Hattersley, the party's deputy leader, said the review had enabled Labour to provide a detailed alternative to the Government's official secrets proposals.

Mr Hattersley's main rival for the deputy leadership, Mr John Prescott, will speak at today's Labour Co-ordinating Committee conference where he will urge a much greater emphasis on democracy and decentralisation in the next stage of the reviews.

The popularity of Mr Kinnock is at its lowest ebb since the general election, according to a Poll of Polls of the six main national surveys for BBC's Newsnight programme. This shows that 28 per cent of voters were satisfied with Mr Kinnock compared with 38 per cent in July last year – and 34 per cent last month.

The Conservative Party is put at 47 per cent with Labour at 35 per cent, the Social and Liberal Democrats 10 per cent, the SDP 4 per cent.

Warning on illegal car insurance

By Eric Short

MOTORISTS who have taken out motor insurance with a company trading under the name BCS (Hire and Reward) have been warned by the Department of Trade and Industry that the company is not authorised to operate any class of business in the UK.

Motorists with such a contract lack the motor insurance required under the 1972 Road Traffic Act, nor have they any other cover. Motorists holding a policy or cover note from this company should consult their insurance advisers immediately or obtain motor insurance from an authorised insurer, the department said.

The company is believed to have operated from two addresses in north-east London.

The Department also said it believed that the company was known as BCS, BCS (Management and Administration) or BCS (Services).

Action is being taken against those involved in this illegal trading, but the department refused to disclose names or any information on the number of policies issued and the amount of premiums paid.

No motorist holding such a policy can look to the provisions of the 1975 Policyholders' Protection Act for compensation, the department said.

The Policyholders' Protection Board, which administers the act, said there was no liability under the act in respect of unauthorised insurance policies.

David Thomas looks at why student finance reform is such a sensitive issue for ministers

A university challenge that won't go away

IF THE Government shelves decisions on student loans once again, it will be avoiding an issue that has dogged Mrs Thatcher's administration. Even Sir Keith (now Lord) Joseph, when he was in the vanguard of the Thatcherite revolution as Education Secretary, had to scrap proposals for student loans in the face of a middle-class backlash.

On the surface, student finance should be a self-contained issue susceptible to rational measures. A minority of the population is directly affected: about half a million students are on courses qualifying for mandatory grants at any one time. Local authority spending on student grants, hovering between £500m and £600m a year, is hardly the largest expenditure the Government has to worry about.

In practice, however, student finance is one of the trickiest items on the Government's agenda. Any proposals for its overhaul tend to awake an unholy alliance of Tory backbenchers, the Labour Party and the National Union of Students.

Three issues seemed to be forcing a conclusion this time out of the internal review of student finance which the Government set up two years ago:

● The value of the grant. Mrs Thatcher's Government has been content to let the real value of the grant decline. Many observers believe the point is fast approaching when the Government will either have to restore more generous funding or introduce an alternative system of student support.

Indeed, there is evidence that increasing numbers of students are facing financial difficulties. A study published this year by Mr Nicholas Barr and Mr William Low of the London School of Economics showed that the incomes of 10 per cent of students fell below the long-term supplementary benefit level.

● Access. Supporters of student loans argue that Britain's higher education system has failed to draw in many children from outside the middle classes. The percentage of university students from semi-skilled or unskilled backgrounds has remained under 5 per cent.

That is not just a matter of social engineering. With the number of teenagers due to fall in the 1990s and with the Government committed to encouraging 50,000 more people a year into higher education, ministers are wondering where the students will be found to fill the lecture halls.

The Government was never likely to tackle the task by throwing cash at it: hence ministers' interest in sizable loans as another way of encouraging people into universities; although their opponents, such as the NUS and the Labour Party, argue that many working-class people would be put off by the prospect of incurring large debts.

● University finance. These two short-term pressures coincided with interest among education ministers and some education radicals in moving university finance in a free-market direction.

For that to work, universities would have to be given a greater incentive to sell their services by, for instance, allowing them to charge fees that covered their costs. Loans would complement that approach by giving students a greater interest in getting value for money from a course.

Yet those pressing for student loans seem to have run into at least a temporary roadblock once again. Two issues are likely to lie at the heart of the blockage.

The first is money. A student loan system would be expensive to run, at least in the years before the first generation of students started their repayments.

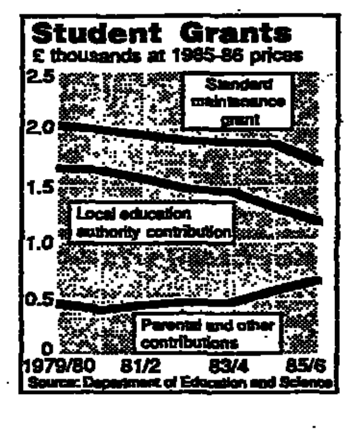
If, as was widely believed, the Government was thinking of a loan of £1,000 a year, then ministers would have to allow for up to about £200m a year in loans, depending on where the exact boundaries were drawn, even if not all of that was taken up.

Some of that could be offset, but education ministers successfully fought off earlier suggestions that loans should be coupled with a cut in the grant on the ground that it could not be sold politically. A more likely course would be to restrict students' entitlement to benefits, worth almost £1,000 a year for the average student outside London, according to NUS figures.

Another way of spreading the burden would be to involve the banks. However, the banks, which have not so far been consulted by the Government, would demand tough conditions, including commercial interest rates, reasonable payback periods and some form of government guarantee.

Faced with those demands, ministers might have concluded that bringing in the banks offered few advantages over a full Exchequer-based scheme, with students repaying loans via extra tax payments once in employment.

The second obstacle is crudely political. The potential loss to the present generation of students and their families is vastly more tangible than the potential gains to the rest of the population. And the great majority of potential losers come from the Government's heartland supporters. Just ask Lord Joseph.



BRITAIN'S universities are to monitor applications for student places in a programme to raise the proportion of students from the ethnic minorities.

The universities have been under pressure from the Department of Education and Science to agree to a system of ethnic monitoring, which is to be voluntary and will probably be introduced by 1990.

Applicants from the UK will be invited to describe their ethnic background on their application forms. Those from overseas will not be expected to do so.

The data will be recorded by the Universities Central Council on Admissions, the clearing house for applicants, but will not be passed on to university admissions authorities. That will allow unbiased comparison between applications and acceptances along ethnic lines.

The universities will receive the information after places are awarded, although it has not yet been decided how, if at all, it will be published.

It is generally believed that ethnic minorities are under-represented in British higher education, although there is no conclusive evidence on the subject. It is not clear what the universities will do with the information. At present they have no proposals for any form of positive action.

The Committee of Vice-Chancellors and Principals also decided yesterday to establish a group to help universities to improve their machinery for checking the quality of teaching and examinations.

The group is intended to work in a way that acknowledges the wide differences that exist between universities.

Schroder Wagg becomes top bid adviser

BY MARTIN DICKSON

SCHRODER WAGG toppled Morgan Grenfell from its long-time position as the number one financial adviser in bids for quoted UK companies during the first half of this year, according to a survey by the monthly magazine Financial Times Mergers & Acquisitions.

Schroder Wagg, which ranked third in the 1987 table, advised on eight bids worth £5.56bn concluded by June 30. S.G. Warburg retained the number two position it held last year, advising on 14 bids totalling £4.36bn, while Morgan Grenfell came third, advising on 13 bids worth £3.51bn.

Schroder Wagg acted as a financial adviser in the two biggest bids launched so far this year, advising Rowntree in its defence against the successful £2.5bn bid from Nestlé and British Petroleum in its £2.5bn takeover of Britoil.

The bank's corporate finance department went through a lean spell in the early 1980s, but this survey suggests it is now in good form.

Morgan Grenfell only achieved the number three position by acting as joint adviser with Lazards and Lazard Freres to Dee Corporation, the stores group, in its successful defence against the £2bn bid from Barker & Dobson. But Lazards appeared to take the leading role in the defence, at least in public.

Analysts point out that takeover league tables covering such short periods are a very crude guide to performance. But they add that Morgan's drop down the list might be interpreted as a delayed result of the turmoil the bank suffered during the Guinness affair.

The survey also highlights an acrimonious debate in the City over how American banks, and particularly Goldman Sachs, should be ranked in such listings.

Goldman worked with Schroder's on both the BP and Rowntree bids but its name does not appear on the bid documentation – the yardstick used by most British merchant banks and the magazine for inclusion in such tables.

However, some US bankers argue that American banks receiving fees for advisory work should be included, whether or not their name appears in the documentation.

A table compiled on that basis, and also dividing the value of bids between banks that have worked as joint advisers, shows S.G. Warburg in first position, with bids worth £4.26bn, Goldman Sachs second, with £3.05bn, and Kleinwort Benson third with £3.02bn.

BIDS FOR UK QUOTED COMPANIES – FIRST HALF 1988

Adviser (1987 position)	Value of bids (£m)	Number
1.Schroder Wagg (3)	5562	8
2.S.G. Warburg (2)	4357	14
3.Morgan Grenfell (1)	3505	13
4.N.M Rothschild (11)	3268	10
5.Kleinwort Benson (4)	3021	8
6.County NatWest (9)	2897	6
7.Shearson Lehman (-)	2712	2
8.Lazards (6)	2332	6
9.Lazard Freres (15)	2040	1
10.Samuel Montagu (7)	683	10

Note: only includes bids which have gone unconditional or lapsed by June 30. Advisers only included if named in bid documents

Source: FT Mergers & Acquisitions

Tough rules on food label claims urged by report

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

IF FOOD manufacturers want to continue to adorn their packs with claims such as "low fat" and "high fibre" they should be obliged to find space on the label to support their claims in detail, according to an influential government-sponsored committee.

Food companies had responded to popular interest in diet and health by promoting products as being free from or containing high or low levels of certain nutrients, the Food Advisory Committee said in a report to the Ministry of Agriculture.

It said: "We are concerned that this type of claim could mislead consumers.

"Yoghurts and cheese can be found, both bearing the flash 'low fat' – the yoghurt containing about 1 per cent fat and the cheese 15 per cent," the report said.

This lack of a standard approach created difficulties for consumers and for reputable manufacturers who wanted to present their products as favourably as their competitors while not wanting to mislead or run the risk of legal proceedings.

The committee also called for action on claims which were misleading, even although they might be factually correct.

It singled out the popular claim "no added sugar" on products which contained added sugars in the form of honey, glucose or fruit juice.

Breakfast cereals marked "high fibre" contained widely different amounts of this component.

The committee has drafted rules to govern the precise proportions of salt, sugar, fibre and fat required before a manufacturer is allowed to make claims of "high" or "low" content.

The report, Nutrition claims in food labelling, is to be sent to food companies and consumer bodies for consultation before the Government moves to change food labelling regulations.

US companies 'may be forced to leave Ulster'

BY TOM LYNCH

US COMPANIES may be forced to pull out of Northern Ireland if the Government fails to create an effective structure of anti-discriminatory employment laws, Mr Kevin McNamara, the shadow Northern Ireland Secretary, warned the Commons yesterday.

He told MPs during a debate on the white paper proposing stronger fair-employment measures for the province that US companies were coming under increasing pressure to adopt tough employment guidelines – known as the McBride principles – or face disinvestment.

Eight states had passed laws requiring companies in which they had shares to abide by the principles. The process was well advanced in two other states. Investment funds controlling nearly $30bn (£17.6bn) might be affected, $1.2bn of which was invested in Northern Ireland.

Combined with the threat of disinvestment at home, Mr McNamara said, US companies feared that adherence to some of the principles might conflict with what the Government proposed to enact, rendering them liable to prosecution in the UK.

Mr McNamara said the principles included discrimination in favour of Roman Catholics even if less well qualified than Protestants, while the white paper includes a clear statement that the best qualified candidate must always be appointed to a job.

Mr McNamara said there was impatience in the US over the UK's apparent reluctance to take action to alleviate the employment discrimination responsible for Roman Catholic male unemployment being two and a half times the rate for Protestants.

Mr Tom King, the Ulster Secretary, made no direct refence to the US, although he argued that it was not good for a company to operate from a place "whose reputation is sullied by discrimination in employment."

Personal pensions go on sale

By Eric Short, Pensions Correspondent

THE PRUDENTIAL Corporation, Britain's largest life assurance and financial services group, yesterday sold about 2,750 new-style personal pension plans – the first day such contracts have been available.

Allied Dunbar, Britain's largest linked-life group, sold 1,500 so-called "appropriate personal pensions" – the term used to describe the contracts that allow employees to contract out of Serps (the State Earnings-Related Pension Scheme).

Other life companies also expressed satisfaction over first day sales.

A personal pension enables employees to make their own arrangements outside company pension scheme arrangements. Since April, membership of company pension schemes has been voluntary to employees – no longer make membership a condition of employment.

Employees can use personal pensions either on top of Serps, or to contract out of Serps.

Under a personal pension, an individual receives tax relief on contributions.

At retirement the individual can take up to 25 per cent of the accumulated pension savings as a tax-free cash sum, with the remainder of the fund used to buy an annuity.

Yesterday also saw the end of the monopoly held by life companies in holding the savings used to buy annuities. Banks, building societies and unit trusts can now offer personal pensions to employees and the self-employed.

Many building societies have taken advantage of their new freedom by offering their own personal pensions. Although all employees can take personal pensions, the Government has repeatedly emphasised that the main market for personal pensions is the 11m employees not already in a company pension scheme.

It remains to be seen whether large numbers of employees, especially younger employees, will decide not join their company pension schemes, thereby bringing about the possibility of the break-up of such schemes.

Exchange 'will concentrate on technology'

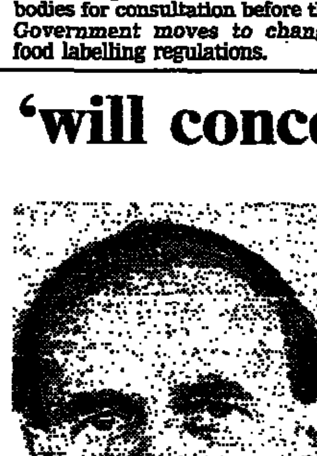
BY CLIVE WOLMAN

SIR NICHOLAS Goodison, chairman of the Stock Exchange, predicts that investment in technology will be the main preoccupation of his successor when he leaves office in November.

During the 1980s the Stock Exchange has undergone a more rapid technological transformation than in the previous eight decades with the introduction of the Seaq price information system, Saef, the small order automatic execution facility, due to be introduced in the autumn, and the Talisman and Taurus settlements systems.

However, Sir Nicholas says in his annual statement that the pace of change will be sustained throughout the 1990s, although the four main computerised systems planned or introduced during his years of office will, he said, prove to be robust.

The main technological challenges of the 1990s, he says, will be the forging of price information, execution and settlement links with overseas exchanges and the supply of much cheaper and more convenient facilities for dealings by small investors.



Sir Nicholas Goodison: "Pace of change will be sustained."

He said: "By the year 2000, the small investor on some hillside in Scotland should be able to buy shares and have his bargain settled by flicking the buttons on his watch."

Central to this vision is the concept of "seamless trading" by which an investor will initiate the execution of a bargain without any need for human intervention, and that will in turn trigger its final settlement by the automatic transfer of cash and title to the shares between accounts.

More fundamentally, Sir Nicholas believes that such developments will mean a convergence between "quote-driven" stock exchanges such as in London, where investors respond to prices quoted by market makers, and "order-driven" exchanges such as the New York Stock Exchange, where the specialists respond to orders and seek to match buyers and sellers.

An automatic execution facility effectively bridges the two types of exchange, Sir Nicholas argues, and its development will also pave the way for closer international linkages.

Meanwhile, the Stock Exchange accounts published yesterday for the year to March 24 show a large increase in both revenue and operating costs.

Revenue increased from £117.4m in the financial year to March 1987 to £199.3m in 1988 as a result of a sharp increase in listing charges to companies, the exchange's general service charge and income from information and settlement services.

An increase in general service charges reflects an upsurge in the number of bargains transacted on the Stock Exchange. Income from information and settlement charges rose from £71.9m in 1987 to £122.3m in 1988, primarily as a result of the dramatic increase in the volume of Stock Exchange turnover and more intensive use of the new Seaq automated price quotations system.

Operating costs rose from £110.8m to £156.2m. The largest proportionate increase in outgoings was that of maintaining and supporting computer systems, which rose from £14.8m to £22m. Capital expenditure on computer systems was also high at £21.7m.

Call for rules to restrain electricity prices

By David Churchill

THE GOVERNMENT was urged yesterday to impose strict regulations on the electricity industry to prevent prices from rising and standards from falling after the industry's privatisation.

The National Consumer Council, a state-funded consumer protection body, said yesterday in a discussion paper on electricity privatisation that there was "very little scope for real competition in any part of the supply of electricity to consumers".

Under the Government's proposals, it says, the local distribution companies that will take over from the existing area electricity boards after privatisation, will have a virtual monopoly in their areas.

Electricity Privatisation - NCC Policy Paper No. 2: Regulation; available free from the NCC, 20 Grosvenor Gardens, London, SW1.

BT withholds rise pending deals on working practices

BY MICHAEL SMITH, LABOUR STAFF

BRITISH TELECOM yesterday withheld a planned pay rise for staff after only a third of its districts met a deadline for signing deals with the National Communications Union on flexible working.

The union said that the negotiations on job repatterning had been successfully concluded in 10 of the 29 districts.

The other 19 have therefore failed to meet the target date of July 1 which was set as part of the deal which settled last year's BT strike.

Mr Derek Bourn, NCU national official responsible for the negotiations, said enormous strides were being made in most of the 19 but there were "serious sticking point" in some.

BT said a 1.6 per cent pay rise, which was agreed in last year's strike settlement and was due to be implemented yesterday, would be withheld until negotiations were completed.

Talks on this year's pay and conditions settlement, also due for implementation on July 1, are being treated separately, but it is thought unlikely that BT would make a final offer in them before concluding the flexibility talks.

BT sees the flexibility agreements, which involve the downgrading of skilled jobs to semi-skilled status, as a breakthrough to more efficient working practices.

It first planned to introduce them in 1985 but agreed a deferral in the face of union concern about quality of service and members' job prospects.

In spite of the failure to meet the deadline, there seems little sign of an imminent breakdown.

Negotiations in most districts are intense, with 12-hour sessions common and BT says that it and the union are totally committed to reaching agreement.

The union is seeking a pay rise of more than 10 per cent and a reduction in working hours from this year's deal.

BT is likely to make an offer on pay when the two sides next meet on July 11, but will flatly reject a shorter working week.

Thames and LWT near deal on new contracts

BY RAYMOND SNODDY AND JOHN GAPPER

TWO of the largest independent television companies, Thames Television and London Weekend Television, said yesterday they believed their staff were on the verge of agreeing to new working practices.

London Weekend has reached agreement with two of its three staff unions, and has told members of the third, the ACTT technicians union, that they will have to accept new contracts on Monday or be sacked.

LWT is confident its 650 ACTT members will accept new terms rather than risk being dismissed after seeing what happened to ACTT members at TV-am, who were sacked for refusing to agree changes.

Thames Television, the largest ITV company, has reached agreement with two of its four unions — the National Union of Journalists and the Beta studio and clerical staff union — and two out of three ACTT shops (branches).

Members of the EETPU electricians' union will vote today, but are understood to have accepted 22 of 24 proposals already. The third ACTT shop, at the company's Euston studios, was voting last night.

The package of changes at Thames will result in the loss of 200 jobs by natural wastage and the company estimates it will achieve savings of about £1.5m a year. LWT is to shed about 220 jobs through wastage and voluntary redundancies.

Mr Richard Dunn, Thames managing director, yesterday criticised the Government for its proposal to change the ITV levy on profits to a tax on revenue, apparently as a device to increase efficiency.

Mr Dunn said there was now ample evidence throughout ITV that restrictive practices and costs are on the way out.

Alternative TUC call by teachers' association

By John Gapper, Labour Staff

THE Professional Association of Teachers is to call for unions outside the TUC — including the EETPU electricians' union — to form an alternative grouping, despite the EETPU's public insistence that it does not want to do so.

The association, which drew up draft principles for an alternative TUC with the EETPU in May, is to tell a conference on performance-related pay on Monday that the meeting "marks a turning point in the trade union movement."

EETPU leaders have more recently denied wanting to form an alternative grouping if they are expelled from the TUC for refusing to withdraw from two single union strike-free deals. They are due to be suspended on Friday.

Mr Roy Sanderson, national secretary of the EETPU's white collar section, denied in a letter to the Financial Times that Monday's conference would be concerned with anything other than performance-related pay.

However, the teachers' association said yesterday that many of the unions at the day-long conference at the head office of the British Medical Association, would be interested in forming an alternative TUC.

Mr Peter Dawson, the association's general secretary, is to call for such a grouping, which would not include any rule similar to the TUC's Bridlington agreement laying down procedures for dealing with organisational disputes.

Mr Dawson will argue that it is common sense for non-TUC unions to come together. He will say that when members of such a grouping differ none should be victimised for holding different views.

However, the idea of an alternative TUC has been rejected by most of the large unions outside the TUC, including the Royal College of Nursing, and the Assistant Masters and Mistresses Association.

● Mr Ron Todd, general secretary of the TGWU transport workers' union, yesterday made a "genuine personal appeal" to Mr Hammond and the EETPU to "stay within the family fold of the TUC."

Clydesdale staff vote to accept pay offer

BY MICHAEL SMITH, LABOUR STAFF

THE THREAT of industrial action at Clydesdale Bank, the Scottish clearer, lifted yesterday when staff narrowly voted in favour of an improved pay offer.

Of 3,562 union members who voted, 52 per cent were in favour of the deal which gives a pay rise of 7.25 per cent to most staff and 6.25 per cent to managers.

MSF, the general technical union, said 54 per cent of its members voted against the deal. It agreed to a settlement because the majority of the bank's trade unionists — most of whom are in Bifu, the financial services union — were in favour.

The unions claimed that, even after the deal is implemented, Clydesdale will be the poorest payer among British clearers. Starting salaries are about £4,500 compared with £4,700 at other Scottish banks, Bifu said.

Clydesdale said its rivals have recently conducted job evaluation programmes which have led to an increase in average salaries. Negotiations are expected to start soon for a similar exercise at Clydesdale.

Eurotunnel seeks 'flexible arrangements' with staff

BY JIMMY BURNS, LABOUR STAFF

EUROTUNNEL, the Anglo-French consortium which will operate the Channel Tunnel, said yesterday that it will seek the "most flexible arrangement available" for conducting its industrial relations on the shuttle trains it hopes to operate.

Officials advising on the Channel Tunnel project have indicated privately that the consortium is aiming to establish a non-union, strike-free arrangement for its rail staff.

But Eurotunnel yesterday denied that its emphasis on flexibility and a "wide room for negotiations" was short hand for the introduction of deals similar to those signed by the EETPU electricians union and which are the focus of a major dispute within the TUC.

Eurotunnel described talk of such deals within the consortium as "premature" and indicated that future arrangements for conducting industrial relations would take into account developments within the trade union movement.

Rail unions are officially opposed to non-union no-strike deals. The National Union of Railwaymen said yesterday it expected to be given the opportunity to "recruit" members employed on the shuttle trains.

The most recent example of a "greenfield site" affecting rail workers is London's Docklands Light Railway which was opened last year.

In May employees on the railway reversed an earlier vote against being represented by trade unions in what the NUR considered a breakthrough in a largely non-union area of the country.

Traincrew agreement near

BY JIMMY BURNS, LABOUR STAFF

LEADERS of the National Union of Railwaymen are to press for further negotiations with British Rail before signing a final agreement ending the traditional demarcation lines between guards and train drivers.

The union's annual delegate conference in Swansea yesterday withdrew two controversial motions totally opposing the so-called "traincrew concept." Instead delegates voted by 73-4 in support of a committee report which recognised that BR's proposals "could form the basis of an agreement" if the board agreed to "more improvements."

The conference's conditional response to BR's proposals came three days after more than 7,000 guards endorsed the proposals in an NUR membership ballot by a narrow majority of 384 votes.

NUR officials believe that the ending of the traditional demarcation lines could lead to increases on basic rates of as much as 13.8 per cent for some senior grades. Senior conductors — the highest grade created under the "traincrew concept" — will be paid a 2 per cent commission on collected fares. The new incentive payments are expected to replace other allowances.

Equal pay case won by woman teacher

By Jimmy Burns, Labour Staff

AN INDUSTRIAL tribunal in Scotland has ruled in favour of a woman teacher who had been pressing for the same pay as a man doing a similar job.

Ms Bernadette Brown, who supervised a youth training scheme at a Glasgow information and technology centre, claimed she should get the same pay as Mr Ronal Duff, another supervisor, paid £720 a year more than her.

Ms Brown had trained young school leavers in electronic office skills, including word processing. Her male colleague taught computer languages and packages.

Her employers had calculated her pay following a job evaluation exercise. This used a system based on temporary employment agency rates for clerical jobs which rated word processing skills as lower than computer operations.

The tribunal said it was satisfied Ms Brown was employed on similar work to the male supervisor and ruled that she should be paid the difference between their two salaries backdated.

Earlier this week a teacher who was demoted had a complaint against a local education authority of unlawful sex discrimination upheld by a Northern Ireland industrial tribunal. Mrs Margaret Briggs was awarded more than £1,000 in compensation.

Ambulance deal recommended

A PROVISIONAL pay deal for 18,000 National Health Service ambulance workers was reached yesterday. If the deal is accepted in staff consultations they will get a 5.4 per cent pay increase and their working week will be reduced by an hour.

The deal is being recommended by union negotiators. However, a similar recommendation of a 5 per cent offer to NHS administrative and clerical staff was overturned at the annual conference of Nalgo.

Mr Roger Poole, staff side chief negotiator, said the offer would "close the pay gap" with other emergency services. It is to be put out to ballot by Mr Poole's union, the National Union of Public Employees.

Argyll Group chairman

Mr Alistair Grant has been appointed chairman of the ARGYLL GROUP. Mr Grant, who has been deputy chairman and chief executive since December 1986, retains the post of chief executive.

★

Mr Alan Goldman has been appointed deputy chief executive of HERON. He was a director. Mr Lance Trevellyan, who joined Heron last December, has been appointed group director of finance and joined the board of Heron Corporation, the UK holding company. He was head of asset and liability management at Midland Bank, and a director of Samuel Montagu.

★

Sir Richard Lloyd has been appointed to the board of SIEBE as a non-executive director. He is joint chairman of Hill Samuel & Co.

★

Mr David Russon has been appointed director general for science, technology and industry at the BRITISH LIBRARY and a full time member of the board.

★

SHANDWICK has appointed Mr Richard Sermon as chief executive of a new subsidiary holding company, Shandwick Europe. Mrs Mary Bartholomew succeeds him as chief executive of Shandwick UK.

★

The following changes have been made at AMERICAN EXPRESS TRAVEL RELATED SERVICES UK AND IRELAND. Mr Alan Stark joins as vice president and general manager consumer card products. He was general manager ASEAN/South Asia region. Mr John Petersen has become vice president and general manager, travel management services, responsible for company card and business travel. He was commercial director, consumer card. Mr Eric Brannan is made vice president and general manager travel, heading the agency network, tour operations and business travel offices. Ms Marcelle Speller joins as vice president, strategic planning. She was a marketing vice president for Intercontinental Hotels.

★

Mr Ian Cullimore, founder and research director of Distributed Information Processing, has resigned to join the POQET COMPUTER CORPORATION INC., California, as vice president, software research and development.

★

Mr Roger Landells, currently managing director of Stats MR, is to join the UK board of NIELSEN MARKETING RESEARCH, Oxford, to succeed Mr Harry Bright as Nielsen UK group operations director. Mr Bright is taking a senior post with the organisation in the US. Mr Martin Curren, now general manager of Compumark, will join the Stats MR board on September 1. Mr Reg Collard has been appointed director of trade marketing. He was trade development manager.

★

Mr James Cherrill has been appointed managing director of CO-CAM COMPUTER SERVICES.

★

Mr Shaun Parsons has been appointed group financial director of POINTON YORK GROUP. He was a senior manager with Coutts & Co.

★

Mr Costas Michaelides has joined MERRILL LYNCH EUROPE/MIDDLE EAST as chief financial officer and managing director of finance. He was treasurer of Salomon Brothers in London.

★

Sir Francis Kennedy has been appointed a non-executive director of SMITH & NEPHEW. He was director general of British trade and investment for the US in New York.

Peat Marwick's new partners

PEAT MARWICK McLINTOCK has appointed 36 new partners and 4 new principals. In London: Mr Alun Bowen, Mr Andrew Brouard, Mr Ron Camp (Nolan Norton), Mr David Clifford, Mr Graham Collier, Mr Tony Fry, Mr John Harkness, Mr Peter Harrison, Mr Roger Hornby, Mr Paul Johnson, Mr David Ledster, Ms Lesley Lester, Mr Paul Mariotti (Nolan Norton), Mr Roddy Montgomerie, Ms Joanna Newall, Mr Dick Porter and Mr Chris Wilmott. Mr Peter Richards (Basingstoke), Mr Chris Rodgers (Birmingham), Mr Derrick Parkes (Brighton), Mr Tim Ingram (Chelmsford), Mr Nigel Scott (Douglas, IoM), Mr Grant Macree (Edinburgh), Mr John Campbell, Mr John Winepress (Leeds), Mr Simon Braid, Mr John Owen (Maidstone), Mr Andrew Higgins, Mr Rick Taylor (Manchester), Mr Chris Hope (Middlesbrough), Mr Richard Hall, Mr Howard Smith (Milton Keynes), Ms Pamela Smith (Nottingham), Mr Stephen Dunn (Preston), Mr Philip Adler, Mr Keith Barnes (Reading). Principals: Mr Frank Mackay (Birmingham), Mr Roger Furneaux (Bristol), and Ms Sarah Heywood, Mr Jim Marshall (Cambridge).

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4 P4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000
Saturday July 2 1988

Risks in the dollar's rise

THE MOTTO of the Reagan administration in its last half year seems to be *après nous le déluge*. There has been little doubt that the aftermath of President Reagan would prove difficult, but what is happening at the moment will make it still more difficult than expected. Mr James Baker, the US Treasury Secretary, seems to have decided that there is enough adjustment of the US external account in the pipeline to get the US through to the election. The priority has shifted to the suppression of inflation.

The result is the export of inflation to the rest of the world. Both this week and last, Germany has demonstrated resistance. The spotlight now turns to Japan. What price in terms of domestic inflation is the Japanese government prepared to pay to help secure the election for Mr George Bush?

The origin of the current problem is, paradoxically, success in stabilising the dollar. Being less worried about the exchange rate in the medium term, the markets started to look at interest rates. With the economy showing much greater robustness than generally expected at the beginning of the year, the dominant concern of the US authorities had become inflation. As a result, there was an upward drift in short term dollar interest rates. Meanwhile, short term rates of interest changed relatively little in Germany or Japan, at least before the middle of June.

With a larger interest rate differential in favour of the US and the perception of little downside risk in the short term, money has poured into the dollar. A modest amount of central bank intervention, almost entirely in Europe, has failed to reverse the tide.

US outlook

The dollar is now some 10 per cent above its trough against the yen and no less than 15 per cent above its low against the D-Mark, which is now where it was before October 19 1987. The dollar's nominal effective exchange rate against the currencies of the industrial countries has appreciated five per cent in under three months and now stands only 4 per cent below the pre-crash level.

For the US authorities this looks quite delightful. It is unlikely that the change in the exchange rate will have an adverse effect on the balance of payments position over the remainder of this year. In fact, the higher exchange rate is more likely to improve than worsen nominal deficits in the short term. Meanwhile, the combination of a fairly tight monetary policy and an appreciating exchange rate will put downward pressure on inflation, otherwise a considerable risk in the buoyant US economy.

For the rest of the world things look decidedly less attractive, since commodity prices will rise in domestic currencies. With extremely rapid growth in Japan and even Germany performing rather better than anticipated, fear of inflation is inevitable, a fear exacerbated by the loose monetary conditions in both countries.

Appreciation

In line with its traditional concerns the Bundesbank has acted first, though in so doing it is really just following the market. The UK has been only too glad to lead the upward charge. The Japanese have, however, managed to avoid an upward movement in short term interest rates, at least so far.

With the US unwilling to lower its own interest rates, and other countries unwilling to raise theirs very much, a marked appreciation of the dollar has been virtually inevitable. The change in the dollar and in interest rates during June remains somewhat inflationary for the rest of the world and somewhat disinflationary for the US, but the real danger is an increase in the US external deficit in the medium term.

The world's leaders are likely to wake up in 1989 with a still greater headache than expected a month ago. The headache is already much greater than generally realised. The US trade balance has been improving, it is true, but the same has not been true of the current account, largely because of increased debt service. In the first quarter of 1988 the US current account was in deficit to the tune of $40bn, up from $34bn in the last quarter of 1987, despite a $5bn improvement in the balance on merchandise trade.

The US authorities carry much of the blame for the increased risk in the medium term, because of their unwillingness to carry out active intervention against the dollar. The danger has, however, been inherent in the present informal approach to exchange rate management. If there were clear rules for depreciation of exchange rates in line with the interest rate differentials that governments want for domestic reasons, these counterproductive lurches in exchange rates could be avoided. Unfortunately, governments desire the greatest possible discretion. If they are unwilling to propose and implement a system with better articulated and more sensible rules for intervention, perhaps they deserve the deluge.

John Elliott reflects on changing conditions in India as he leaves the country after five years

The promise that rain brings

IT IS RAINING in India. The monsoon has arrived, sweeping up from the south-east, drawn by the burning heat of the giant northern Ganges plains towards the economically and politically sensitive states of Punjab, Uttar Pradesh and the capital of Delhi. People have rushed into the streets to greet the rain in Bombay. In the desert state of Rajasthan, children play in rare puddles alongside wallowing buffaloes. Almost everywhere there is respite from sweltering, itching heat.

There is a prospect, maybe even a promise, of rich harvests, recharged electric power supplies, boosted spending power, faster economic growth, and replenished foreign exchange reserves. The miseries of last year's drought are being put aside as nightly television pictures chart the north-westwards movement of the air currents. The Bombay stock exchange is booming, the fertiliser industry is happy. Maybe it will all sweep Mr Rajiv Gandhi back to power in elections next year.

If that sounds over euphoric for a country weaned on austerity and shortages, it is not just because this article marks the end of a five-year posting in an extraordinary sub-continent. Rather it reflects the release of consuming tension that bursts in India when the annual monsoon is plentiful – as it certainly was not last year.

But nothing is ever certain in this vast, complicated and enormously captivating country of about 800m people and it will not be possible to confirm that the monsoon has been a great and total success for several weeks.

India is due for some good news. The past five years have seen enormous progress economically, with the emergence of a much more liberalised competitive industrial climate and a new era of consumer choice elbowing out the traditions of a shortage economy. But there have been tragedies, disasters and a big increase in communal unrest and violent death, most markedly in the northern state of Punjab. During the past year there have also been the economic and political setbacks of a drought and Mr Rajiv Gandhi's faltering political leadership.

So India needs a good monsoon to enable it to recover and to prove that it is steadily moving ahead, albeit slowly. Then it will continue stubbornly and proudly to confound its critics who believe that it totters forward towards economic and social progress only to fall even further back.

India's massive size – spread over 26 states with 15 main languages, 1,650 dialects and five religions – makes it appear to be an ungovernable, ramshackle patchwork of disparate interests prone to revolution and Balkanisation. But the sheer size protects India from disaster and cushions its problems.

The economy is so large that setbacks are absorbed. For example, a drought in some areas is usually offset by harvests elsewhere. Poor exports, making up less than 10 per cent of gross domestic product, scarcely matter to the huge domestic economy which trundles on without being affected by international trade swings.

Geographically, India is so large that the vast majority of the country goes about its daily business scarcely aware of, let alone concerned by, the appalling death toll in the Punjab where more than 1,600 people have been killed this year in Sikh violence, or by troubles among the Gurkhas and other groups of the north east.

In any case, mass deaths rarely cause much of a stir, and public outrage is limited even over frequent cases of brides being burned to death because their marriage dowries were too small. It takes a disaster like the massacre of 3,000 people in the 1983 elections in the north-eastern state of Assam, or the sudden horror of the 2,500 or more killed overnight by Union Carbide's 1984 *Bhopal gas leak, to shock.*

Attitudes are also governed by the dominant Hindu religion whose doctrines of *darma* and *karma* – broadly one's duty and destiny – link with a belief in reincarnation. This not only helps to comfort the bereaved: the fatalism also cushions failure and deters initiative. More constructively, it also blunts the cutting edge of violent social pressures and curbs revolutionary fervour. The country's debilitating and pervasive caste system, a sort of mixture of the British class structure and apartheid, embraces the country with unbreakable ties. So India does not erupt nationally.

There is also a coherence to the country stemming from a stubborn pride both in being independent, after centuries of foreign rulers, and in an effective though corrupt form of parliamentary democracy.

This gives India an overall stability which is denied to its smaller neighbours. Pakistan is back to the brink of military rule, with a fragile economy and border insecurity with its turbulent neighbour, Afghanistan. Bangladesh fails to rise above its political and economic problems. Sri Lanka in five years has been transformed from an emergent free-market economy and tourist paradise to one of the world's worst examples of communal terrorism.

But India escapes such all-consuming crises and will continue to do so, providing it gradually produces a more mature political system able to cope with the rapidly increasing demands and tensions of a country passing through the beginning of an economic and social revolution. Mr Gandhi has consciously started that revolution, despite being maligned and mocked for his inability to switch from being an airline pilot to a politically astute prime minister of the world's largest democracy. Undoubtedly, despite all his failings, he is good for India. He wrought changes many more cautious politicians would have shied away from. What he has started cannot be easily undone. He picked up and dramatically accelerated economic liberalisation policies started in 1981 by his late mother, Mrs Indira Gandhi.

Rajiv Gandhi with his mother Indira, shortly before her assassination

This has introduced the new era of industrial competition and a new generation of entrepreneurs. It has also encouraged the growth of a new consumer middle class of 100m-150m or more people, which in India goes considerably lower down the social scale to those who would be called working class in Britain. These people are becoming used to fewer shortages and more choice. No longer is it only people in the major cities who have the relative *affluence of owning a television set* and some kitchen gadgetry, or buying bottled soft drinks at the local bazaar tea stall for guests: this has spread to rural towns and large villages.

The evidence of this is visible everywhere. Television aerials sprout from village homes, especially in rich states like the Punjab. Demand for processed food and drinks is rising sharply – partly generated by a growing shortage of cheap servants and a new concern about hygiene. Processed spring water in plastic bottles is suddenly saving foreigners from the worst health peril of Indian travel.

International food groups such as Nestlé, Unilever, General Foods and Beecham are providing some of the technology for the consumer goods. Others, like PepsiCo, are waiting to come in. There are a host of Japanese, US and other companies in the electronics, computer and other fields.

But uneven economic development sparks social unrest which is exploited by political parties and other interest groups and can easily lead to riots. The main problem created by the wealth of the middle classes is the risk of clashes between them and the 300m people who are estimated to be below the poverty line. It is tensions between the haves and have-nots, often polarised between the country's majority Hindus and the large *minority of Muslims*, which sparks many of India's communal riots.

New wealth also upsets traditional balances of authority in a country consumed with the importance of relative personal levels of prestige and power. The poor are accustomed to living under the country's old style élite and even within the caste system, but they are not used to being oppressed by the new and often brasher affluent groups from the middle of the social pile.

In poor states like Bihar, where the caste system is particularly oppressive, there could one day be a mini-revolution. In other states like Punjab, rapid economic development generates ambitions which remain unrealised and then encourages youth to become the foot soldiers for extremists. Forty years after independence, the younger generations of groups like the Jat caste of farmer-Sikhs in the Punjab, the soldier-race of Gurkhas in West Bengal and younger Muslims in urban centres everywhere are asserting their distinctive identities – often violently – in order to ensure they share in the slowly growing wealth.

So the challenge for Mr Gandhi – apart from pulling off a victory at the general election due by the end of next year – is to introduce changes in fields outside the economy which is relatively easy to influence. In particular he needs to deal with factors affecting the growing disparities of wealth. Unless he does so, he may find he has unleashed a cycle of social change which cannot be controlled.

He needs first to develop an effective birth control policy to curb the current population growth rate of more than 2 per cent, which will push the population over one billion by the turn of the century. That requires better education to boost the literacy rate of 36 per cent. Food production and distribution need to be improved so that India's proud boast of being self-sufficient in food grains (a record broken by last year's drought) does not leave hungry many of those below the poverty line.

On the economy, tough action – long promised by Mr Gandhi – is urgently needed to curb wasteful public sector spending which is draining the country's financial resources. Mr Gandhi also needs the political confidence to allow old loss-making factories to close. This does not happen at present.

More needs to be done to promote a sense of Indian nationality, without upsetting and exacerbating religious or regional sensibilities. Politicians need a new ethic of responsibility and public service to replace their present corrupt selfishness. Perhaps that should start with Mr Gandhi giving a lead by clearing out most of his current Cabinet and replacing them with people of stature and a clean image.

Corruption has become far worse, despite Mr Gandhi's avowed intention of cleaning up the system. It is not difficult in Delhi to name the ministers or senior parliamentary personalities involved in foreign company kick-backs and local mafia-style extortion. Last year Mr Gandhi was politically harmed by allegations of corruption involving him and his friends, especially over bribes allegedly paid in connection with a $1.4bn contract for Swedish Bofors guns.

Revelations about this contract are continuing to haunt Mr Gandhi and are diminishing his reputation with the electorate. This will probably be the major factor – apart from monsoon-induced economic well-being – in next year's election. If the hundreds of millions of rural people are persuaded by the opposition that Mr Gandhi is personally corrupt, he could lose.

The future of India of course is not entirely dependent on Mr Gandhi, even though his fammly has provided prime ministers for most of its 40 years of independence. There is a new national political figure in Mr Viswanath Pratap Singh, the former finance and defence minister who has become a senior opposition leader. He has inherited Mr Gandhi's Mr Clean image. Mr Singh has potential as a strong populist alternative, but has to work with an opposition riven with splits and led by people out for personal gain.

The past five years have been marked by the growing problems of Punjab in 1983 which led, at the end of 1984, to the assassination of Mrs Indira Gandhi. But 1985 was a magic year, when Mr Gandhi pushed his reforms ahead with all the enthusiasm and directness of a man unencumbered by a political past. In 1986, India's traditional forces took over again; by 1987 they had swamped Mr Gandhi.

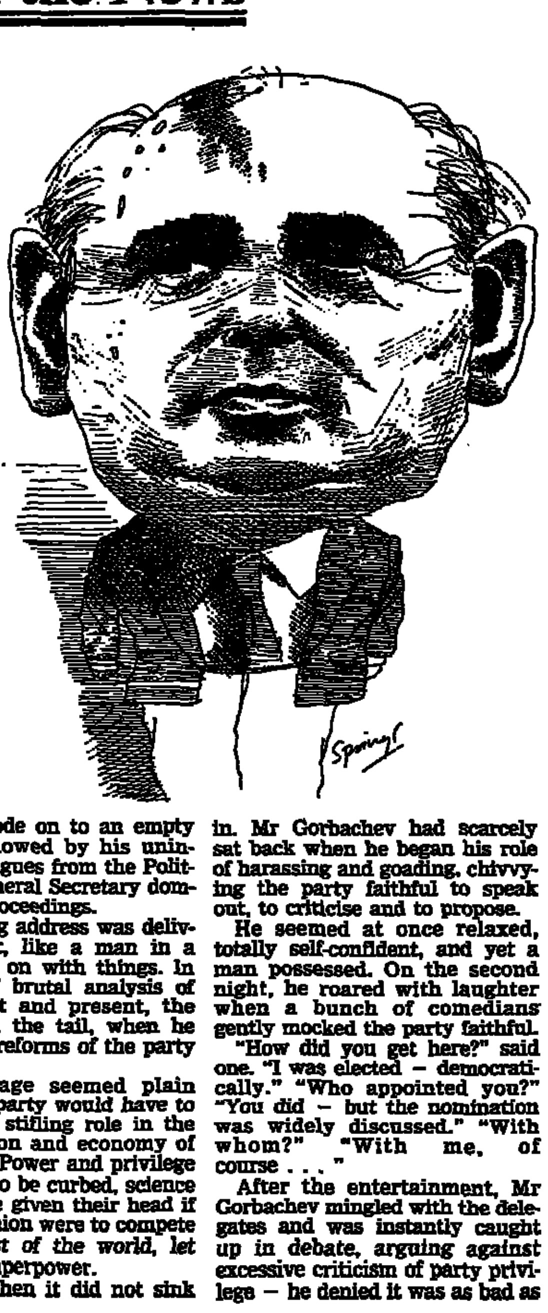
Now he is reasserting himself, pushing on with industrial and other reforms. So 1988 is the year of cautious recovery – and the promise of riches from the rains.

Man in the News

Mikhail Gorbachev

Lenin's impatient heir in search of a revolution

By Quentin Peel



VIKTOR POSTNIKOV, director-general of the battery hen breeding plant in Stavropol, is an old friend of Mikhail Gorbachev, the Soviet Communist Party leader. They probably grew up together, *for Stavropol is the Crimean* town where Gorbachev was born and where he began his meteoric rise in the ruling party.

So it was hardly surprising that the two should indulge in a bit of friendly banter on the floor of this week's extraordinary party conference.

"Mikhail Sergeievich," the chicken man began, "perestroika is a revolution. You say that we can carry it out in a calm and humanitarian way.

"But since it is a revolution, I don't believe we can. There are even people sitting here who are against perestroika and we can't do anything with them. We have to get rid of them and dismiss them from the party.

"We know that you want to do everything by very humanitarian methods. But we have to take their jobs away and send them into retirement."

The answer was deceptively soft-spoken.

"Viktor Ivanovich," the party leader said, "you must think Mikhail Sergeievich is a very simple man. If the central committee starts to get rid of bureaucrats, that will not do. We have tried to do it from the top several times, and we failed. The bureaucrat will always find a wagon-load of arguments and in the end you give up.

"We are striving through our political reform to move the whole of society forward. Then there will be no way out for the bureaucrats. The earth will burn under their feet.

"The thing is not to be good and not to be liked by everybody. You have to carry out the political line in the interests of the people."

The exchange is revealing about what Mikhail Gorbachev is trying to do. He is not trying to reform the party from the top. He knows that cannot be done. He is trying to bring public pressure to bear on an ossified structure, both from its own grass-roots and from the world outside the party, through glasnost – letting people know what is happening. Only then, he believes, will it reform itself.

It also reveals a truth about the party conference itself. This extraordinary affair turned into a real dialogue: between 4,991 delegates on the one hand and the General Secretary on the other.

Yet it was not the sort of one-man show it might have been in the dictatorial days of Joseph Stalin, or in the sycophantic era of Leonid Brezhnev, when abject fear or vacuous praise of the party leader was in order.

The speakers turned round from the podium and asked: "Well, Mikhail Sergeievich, what do you think?" and they tended to get a reply, *not always the one* they were seeking.

From the opening session, when he strode on to an empty platform followed by his uninspiring colleagues from the Politburo, the General Secretary dominated the proceedings.

His opening address was delivered flat out, like a man in a hurry to get on with things. In 3½ hours of brutal analysis of failings, past and present, the sting was in the tail, when he came to the reforms of the party itself.

The message seemed plain enough: the party would have to renounce its stifling role in the administration and economy of the country. Power and privilege would have to be curbed, science and initiative given their head if the Soviet Union were to compete *with the rest of the world, let* alone be a superpower.

Yet even then it did not sink in. Mr Gorbachev had scarcely sat back when he began his role of harassing and goading, chivvying the party faithful to speak out, to criticise and to propose.

He seemed at once relaxed, totally self-confident, and yet a man possessed. On the second night, he roared with laughter when a bunch of comedians gently mocked the party faithful.

"How did you get here?" said one. "I was elected – democratically." "Who appointed you?" "You did – but the nomination was widely discussed." "With whom?" "With me, of course . . ."

After the entertainment, Mr Gorbachev mingled with the delegates and was instantly caught up in debate, arguing against excessive criticism of party privilege – he denied it was as bad as popular imagination believes – and defending his proposals. He dominated the proceedings, frowning, joking, jabbing his finger in the air, totally at home.

Inevitably, speculation has focused on his own position: is it Gorbachev for President? they whispered in the corridors. He tried to play it down, but it kept coming back.

The key moment came when Mr Gorbachev took the floor for the second time, at midday on day three, this time without notes, stern. It seemed that the faithful just had not got the message. They were all too happy to criticise economic failings, to blame the past and to attack the bureaucrats. *They did not* seem to realise that the economic reform they wanted was impossible without political reform of their own organisation.

Nor did they understand the distinction he was making between separating the powers of the party and the state, and bolstering the powers of elected bodies with the authority of the party. By putting first secretaries up for election to their local soviets, they would be forced to face two democratic hurdles, not one, he thundered. That was the whole point.

Perhaps the confusion came from the very contradiction inherent in seeking to democratise a society on the basis of one party rule. That remains a paramount principle, for Mr Gorbachev and all his party faithful.

He does seem to be confident, however, that he can open up the internal debate – what he terms socialist pluralism – for all to see. Televising sensational speeches – including an attack on Mr Andrei Gromyko, the country's most senior elder statesman, and strong criticism of the central committee itself – helps his case in the party.

It is a calculated risk, seeking almost to appeal to the people over the head of the party. He even seems to be prepared to countenance a degree of national devolution of power to break the over-centralised bureaucracy. But Mr Gorbachev gives no sign of fear that the forces unleashed could threaten his own position.

Terry Dodsworth talks to Racal's chairman Sir Ernest Harrison

When a predator becomes potential victim

● Sir Ernest Harrison

WHAT DOES it feel like today to be Sir Ernest Harrison, one of the great predators of the UK electronics industry over the last decade, yet now at the centre of takeover speculation himself?

"You wonder what has happened," he says. "And then you realise. What has happened is that you have created a marvellous business that someone else might like to have."

The "marvellous" business is, of course, Vodafone, the car telephone group owned by Racal, Sir Ernest's company. Just three-and-a-half years ago, Vodafone was nothing more than some detailed plans and a group of enthusiastic Racal engineers. Today it is a business on which some analysts place a price tag of between £1.5bn and £2bn – almost as much, in the latter case, as the whole of Racal's current market value.

The history of Vodafone is a vivid example of the company's management style. At the time that Racal made its move, virtually no-one in the UK had given a great deal of thought to the potential of cellular mobile systems, a relatively new US technology which had the potential to turn car telephones into a mass market. "There was a lot of scepticism about," says Mr Marshall Whiting, an analyst at Prudential-Bache. "Most people thought that the growth forecasts they were putting out were a lot of bunkum."

Whiting credits Sir Ernest with the insight to see that cellular technology was worth backing. But equally important were the managerial skills to make the venture work. Racal came on the scene quite late, when a rival bid for the carphone network led by Cable and Wireless seemed set to succeed. After a chance meeting with some American cellular experts from Millicom, the Racal management decided to go all out for the application – and succeeded. The project was all the more of a gamble because Vodafone is essentially a service business, and Racal's traditional business had been in manufacturing.

"We laid out a plan three weeks before the application, got a team together, and put in the detailed proposals in an incredibly short period of time," says Mr Shelby Bryan, Millicom's chairman. "Those fellows reacted because they had been imbued at Racal with a snappy, opportunistic, responsive spirit."

This approach derives from Racal's background. The only one of the leading British electronics companies formed since the war, it has been something of a maverick since it launched into making radios as a 12-man team in 1951. Sir Ernest, 62, who became chairman in 1966, is an accountant; and he has surrounded himself with engineers. But the group is very much market-led.

This nimble-footedness has occasionally caused problems, including a brush with scandal in a bribery case in the late 1970s. But until recent years, it has enabled the company to show spectacular growth, mainly by selling military radio equipment to Africa and the Middle East. It has expanded faster than most electronic groups, created more jobs, and exported more, in relation to its size, than most of its competitors. It has also relied less on contracts with the UK Government.

Before Vodafone, however, there were signs that Racal might be running out of steam. Sir Ernest had launched the group into a series of takeovers, including a celebrated and victorious bid battle with the General Electric Company for Decca eight years ago. But despite his reputation for number crunching and inspirational leadership, the acquisitions ran into a sticky patch, particularly in the US, in the mid-1980s.

Within a year or so of Vodafone's launch it was clear that it was coming to the company's rescue. The business took off like a rocket, as car telephones spread from being executive-toys to a working tool for many mobile executives. Vodafone and Cellnet, the second of the two licensed operators (owned by British Telecom and Securicor), invested rapidly in nationwide coverage, while prices for the handsets were forced down by the sort of open competition never seen before in the UK telecommunications market. After a loss of £12m in the 1985-86 financial year, Vodafone jumped to operating profits of £10m in 1987 and £50m last year.

The problem for Racal, however, is that this boom in the Vodafone business has been accompanied by stagnation elsewhere. Its original military radio activities, the business which made it one of the stellar stock market performers of the 1970s, is now a shadow of its former self. Elsewhere, its two high technology growth activities – the Chubb security division and its data communications business – have been hit by market problems and low growth. Pre-tax profits plummeted in 1986, and have since gained ground mainly because of the telecommunications business.

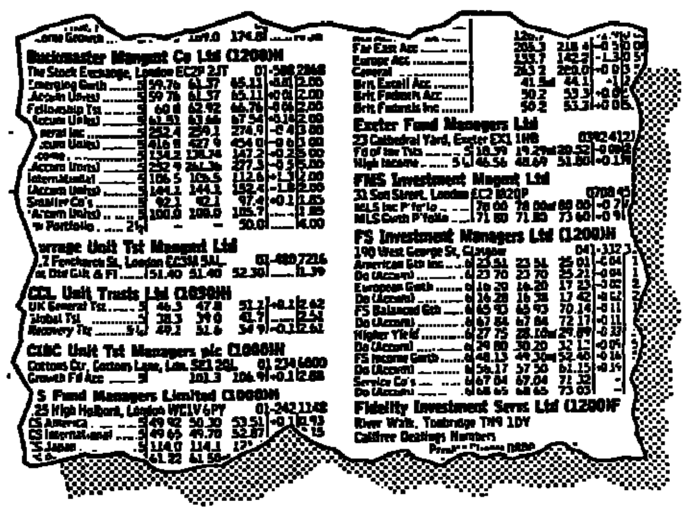
The effect of this skewing of the company towards telecoms is that it now looks as though Racal's share price performance is being held back by the non-Vodafone activities. Some analysts say that Racal's share price would need to rise well over 500p, against its present level of 340p, to reflect the true value of the carphone business. These estimates are based upon US-type cellular valuations, which are treated with scepticism in some parts of the City. But they clearly lay Racal open to a predatory break-up – a fact that was underlined by Cable and Wireless's recent revelation that it had acquired a 2.8 per cent stake. And they have led to unrest among institutional shareholders over Racal's plans to sell off 20-25 per cent of Vodafone.

Sir Ernest will not comment on the C&W holding, but it may be that this is a red herring anyway: some analysts believe that a bid from C&W, which owns the Mercury telephone company, BT's licensed competitor, could well spark a reference to the Monopolies Commission. More to the immediate point is Sir Ernest's fierce conviction that Racal needs to hold onto Vodafone as part of his strategy of developing the group into a service-oriented, high technology business based on telecommunications, data communications and security.

This strategy, he says, was laid down in the early 1980s, but has been obscured by the intensity of effort the group has had to put into the development of Vodafone.

The time has now come, he says, to divert some of the value that has built up in Vodafone into the rest of the group. The data communications division has recently won some big orders, including a contract to supply a network to UK Government departments, and another to the West German Bundespost. Earnings from these businesses will turn up strongly this year, he says – but they need to be bolstered by acquisition and investment.

John Edwards tries to cut through the complexities of the new pricing system for unit trusts



A good turn for investors

UNIT trust investors may well be in a state of bewilderment if they have tried to check the value of their units recently.

Indeed, they may be suffering from some form of shock in finding out that in many cases they will have to buy or sell units "blind" – at an unknown price to be fixed at a point in the near future – instead of at a known "historic" price, as quoted in the Financial Times.

A glance at the FT Unit Trust Information Service pages will show that there is a new set of headings and figures to take into account when seeking to check the value of authorised unit trusts. This is the result of a new pricing system, formally introduced yesterday by the Securities and Investments Board, the regulatory organisation that is overseeing the Government's efforts to give investors greater protection.

The new pricing system is just part of a series of moves to improve protection for investors by implementing in stages the Financial Services Act. Overall, the changes are thoroughly welcome from the unit holders' point of view: the new pricing system is fairer, more transparent and less open to abuse than the arrangements which it replaces.

The rationale behind the change is that the old pricing system was unfair to some investors, in that it gave too much help to those seeking short-term profits, particularly sharp professional dealers who knew when prices were out of line.

It was also open to abuse by unscrupulous fund managers. To take an extreme example, a management group might decide – in a sharply rising stock market – to create more new units than it actually needed to meet that day's purchases, and to price them on the basis of the previous day's share prices. Its plan would be to hold on to the new units for a couple of days, and then sell them on to new investors for a certain profit at the new, much higher, prices.

Managers would thereby be profiting at the direct expense of existing unit-holders, since that profit would otherwise have stayed within the fund.

Of course, such abuses would be rare: but they could be quite serious if the managers were dishonest and the trustees incompetent. More generally, there are obvious risks in buying and selling units in a fund that is only priced once a day – and under the old system, they were born by the unit holders. Under the new arrangements, it will be the fund managers themselves who carry the risk.

It was with this in mind that the Securities and Investments Board proposed last year that all unit trusts should move to forward pricing – that is any sales or purchases should be made on the basis of the next valuation of the fund, rather than on the basis of past share prices.

This immediately brought screams of protest from the unit trust groups. They said that investors, used to dealing in shares at known prices, would strongly object to the idea of having to buy and sell unit trusts at unknown prices.

With the help of the Department of Trade and Industry, which used to regulate the unit trust industry, a compromise was worked out. Under the system, which became effective yesterday, groups are allowed to retain an historic pricing system, if they so wish, or to switch to forward pricing only – or else to adopt a mixture of both.

They may, for example, have an historic pricing basis in the morning based on the valuation of the fund overnight; and change to forward pricing in the afternoon. There are, however, certain circumstances in which the group must use forward pricing. Those are when forward pricing is specifically requested by investors; if the stock market concerned moves by more than two per cent since the last valuation. Postal applications have always been dealt with effectively on a forward pricing basis.

The group, even if normally operating on an historic basis, is entitled to switch to forward pricing on deals of over £15,000 – a provision written in specifically to provide protection for fund managers from large investment groups, who might suddenly hit them with a massive order.

In the longer term it is expected that groups will solve the main objection to forward pricing – that of dealing at an uncertain price – by switching to "real-time pricing"; that is giving an up-to-date valuation of the fund on the spot. The Prudential has already gone some way down this track by introducing a computer system that enables it to issue valuations every two hours.

Meanwhile, the canny investor may want to find out what pricing system is being adopted by each unit trust group, and the timing of the valuation points for the funds which they manage.

Inevitably, under the new system, with more up-to-date pricing, the price of a unit trust published even in a daily paper is likely to be mainly an historical record of the previous day's trading, just like the share prices on the Stock Exchange.

There are other important changes to the FT Unit Trust Information Service, including two new column headings. The first shows the initial charge (init chrge). This gives in percentage terms the amount charged by the management company to a new purchaser of a unit trust of the unit. Typically, this is around five per cent of the unit value.

The second new column is the cancellation (canc.) price. Normally, when a unit trust is sold the bid price is used. But if there is a heavy excess of selling, as happened last October, the bid price could well be cut to the lowest point permitted under the formula set by the regulators for calculating the price of a unit. This rock bottom level is known as the cancellation price.

The difference between the cancellation price and the bid price, even in normal circumstances, is a useful indicator of the health of the fund; if the bid price is close or equal to the cancellation price, it is obviously at the lower end of the maximum permitted spread between buying and selling prices. That in turn suggests there are more sellers than buyers of that particular fund, which should send a warning signal to potential buyers.

The other column headings are unchanged, showing the bid (selling) and offer (purchase) prices and how much the mid-point between these two has increased or decreased during the previous day's trading. The gross yield on the fund is also shown, basically indicating whether it is an income or capital growth trust.

However, some further – and, we hope, valuable – details are also given, next to each management group's name at the top of each entry. The letter H is used to indicate that the group has plumped for retaining the historic pricing system, with the new regulations, while the letter F shows the group has gone for forward pricing. Effectively this means that F groups merely give the previous day's price as a matter of record, while the H groups prices can be dealt at until they are revalued.

The time when the group values its funds each day is shown in brackets after the company's name. However, since some groups value different times of the day, various symbols for separate time zones during the day are used and identified in the guide at the bottom of the page.

There are several variations on the theme, with some groups valuing several times a day – like the Prudential – and others offering historic prices in the morning and forward prices in the afternoon.

Overall, the FT's pricing service will give buyers and sellers of units a unique guide to the kind of terms they can expect from each management group.

Investors will obviously take a little time to get used to the new service. But there is no doubt that forward pricing is the fairest way of valuing units from the point of view of both managers and unit holders. The US mutual fund works very efficiently on just this basis. Once the dust has settled, unit holders will have a better idea of where they stand than they did before.

Letters to the Editor

Adjustment will not be enough

From Mr Frank Blackaby.

Sir, It is time to try to reinstate some sensible thinking about the management of the British economy. The Government has left itself with just one instrument – the rate of interest.

High interest rates will do little to curb consumer credit; consumers happily accept APRs (annual percentage rate) of between 16 and 20 per cent as it is; they will not be much bothered by a 1 per cent rise, even if it happens. High interest rates will make the current balance of payments worse, by delaying the necessary fall in the exchange rate.

Over the past decade economic policy has failed to deal with the central economic problem: reconciling stable prices with a reasonable level of employment. As soon as unemployment begins to fall, even from the enormous figure of 3m, the rise in money earnings becomes excessive.

City economists are now unanimous that the economy is overheating, with no reference to an unemployment figure which is still well over 2m.

The British economy has high unemployment, rising inflation, and a formidable current balance of payments deficit. It is not sensible to think that these problems can be dealt with simply by interest rate adjustments.

Frank Blackaby,
9 Fentiman Road, SW8

Photocopied to the world

From Mr David Russon.

Sir, The president of the International Publishers' Association (Letters, June 25), suggests that the photocopying activities of the British Library Document Supply Centre (DSC) are undermining markets for all scientific publishers on a worldwide basis.

We do not accept this, and no objective study of which we are aware has ever provided evidence to support this assertion. The DSC purchases each year over 50,000 serial titles (at a cost of over £2m). It also has in its stock 140,000 "dead" titles. Between them these journals contain about 300m articles. Out of this huge total, fewer than 2m articles are photocopied each year, all within the limits allowed by law.

Given these figures, it seems unlikely that DSC services can be a threat to publishers. If organisations – in the US or elsewhere – need to consult a publication regularly, they will subscribe to it rather than relying on obtaining a photocopy from an institution located in another country.

Although the International Publishers' Association has singled out British copyright law for attack, it is in line with that of most other advanced nations, including the US.

David Russon,
Document Supply Centre,
The British Library,
Boston Spa,
Wetherby, West Yorkshire

BT's equal opportunities

From Ms Janet Boud.

Sir, Your report (June 28) about opportunities for women in British Telecom will have misled many readers. Although the number of women who hold management jobs in BT is still disappointingly low, the picture is improving.

Positive action taken by the company includes a women-only management development programme designed for BT and run by the Cranfield School of Management; a unique engineering training scheme to enable non-technical female staff to become qualified graduate engineers; the establishment of trained equal opportunity advisers in all our management units; and initiatives in schools to encourage girls to take up engineering and management careers.

With the increasing emphasis in BT on customer relations, and with marketing and commercial skills coming to the fore, it is encouraging to see the growing number of women managers with these skills. However, in engineering, which engages over 50 per cent of our staff, we are still up against the traditional reluctance of women to consider careers in this area – and the lack of encouragement they receive from the education system and society at large.

We are making real and effective efforts to improve the opportunities available.

Janet Boud,
British Telecom Centre,
81 Newgate Street, EC1

Life needs more scrutiny

From Mr R.H. Ranson.

Sir, Mr Anderton (Letters, June 28) shares my views about "with profits" insurance business. "Strength" is not the only consideration. In the same edition Eric Short wrote about Fimbra's (Financial Intermediaries, Managers and Brokers Regulatory Association) lack of support for an advice service on the strength of life offices.

Perhaps the pre-occupation with "strength," especially as evidenced by so-called "free asset ratios," is becoming less dominant. If so, one hopes that commentators, after reassuring themselves about adequate strength, will look at the more relevant features of life offices. Those would include bonus philosophy and equity in distributions; investment performance, and efficiency of operation in the broadest sense of the phrase.

R.H. Ranson,
The Equitable Life Assurance Society,
Aylesbury, Buckinghamshire

'Offshore' means different things in different countries

From Mr Mark St Giles.

Sir, While I agree with almost all Clive Wolman's article ("A question of checking credentials," June 29), I must disagree with his misleading use of the word "offshore."

He writes: "... they should have warned the client of the risks of offshore investment, and questioned why it was necessary to locate the fund outside the protection of the UK regulators." The implication that investment in so-called offshore funds in all cases carries a disproportionate risk, when compared with investment in UK unit trusts, is not borne out by the facts or by investors' experience.

"Offshore" is a vague, cover-all word which means different things to people in different countries. The US resident regards UK unit trusts as "offshore." I was once asked plaintively by a regulator in landlocked Luxembourg: "Which shore are we off?" Affirmation of the acceptability of non-UK funds is envisaged in the Financial Services Act, sections 86, 87 and 88. Section 86 refers to funds domiciled in European Community (EC) member countries and covered by the UCITS directive ("undertakings for collective investment in transferable securities," including unit trusts) which will, after member governments have incorporated the provisions of the directive in their domestic legislation (not later than October 1989), make all funds domiciled in – and recognised by – member countries acceptable in every other member country.

Section 87 will enable other countries to apply to the Secretary of State for Trade and Industry (DTI) for designated territory status, and will require those countries to convince the UK minister that their regulatory regimes offer at least equivalent protection to that afforded by our own legislation. This will cover, *inter alia*, Jersey, Guernsey, the Isle of Man, Hong Kong and Bermuda.

Even before the new regime, those who operate funds in, for example, Luxembourg or Hong Kong may agree with me in recognising that their regulatory authorities were, if anything, tougher and more vigilant supervisors than our own DTI. The fault is not, perhaps, entirely Clive Wolman's: the word "offshore" is used sloppily in the common parlance of the investment community.

Yes, I have used it too. I do wish we could think of a better adjective to describe investment funds domiciled in perfectly respectable countries outside the UK, and owned by satisfied investors all over the globe.

Mark St Giles,
G.T. Management,
8 Devonshire Square, EC2

'We are not arguing for preferential treatment, but for social justice'

From the Chairman, Commission for Racial Equality.

Your carefully worded editorial ("The limits of discrimination," June 23) rightly spells out the disadvantage and discrimination suffered by many Asian and Afro-Caribbean citizens, and you point to the inadequacy of the Government's response.

But you are wrong to say that, in pressing for a tougher Race Relations Act and for the Government's bills before Parliament to be changed, the Commission for Racial Equality is arguing for the kind of special provision which would cut against the integration of ethnic minorities. In the changes we are proposing for the Race Relations Act we are arguing for a simpler and tougher law against discrimination – surely the greatest barrier of all to integration.

The present law is too complex. The procedures it lays down for formal investigations have been described (by Lord Denning) as "a spider's web." The powers available to tackle racial discrimination are much weaker than those now being proposed to tackle religious discrimination in Northern Ireland.

We support the "special provision," included in the Act, which is designed to meet particular needs such as language and diet, and special encouragement, and training for particular racial groups for work in which they are under-represented. At no point do we depart from the principle that applicants for jobs should be appointed on merit.

Our concern about the Government's present legislation is that in some respects it will increase ethnic minority disadvantage. The new community charge, for example, will bear particularly heavily on the poor, on residents in inner cities, and on households with several adults. In all of these groups ethnic minorities are over-represented. We are worried, too, that under the proposed Education Reform Bill the extension of parental choice and the establishing of grant maintained schools may strengthen a tendency towards racial segregation. (The parents in Dewsbury are not untypical.)

In short, we believe that the Government has not been sufficiently mindful of the repercussions of its measures on ethnic minorities. As you say: the crisis for the poor has deepened, and this affects black and white alike. But blacks are disproportionately represented among the poor and in addition to the common disadvantages of poverty they suffer racial discrimination.

We are not arguing for preferential treatment: the ethnic minorities themselves would be the first to reject this as patronising and unnecessary. But we do argue for social justice. Without this there can be no hope of integration.

Michael Day,
Commission for Racial Equality,
Elliot House,
10-12 Arlington Street, SW1

GEC may increase shares buy-back

BY HUGO DIXON

GEC, UK's largest electronics firm, says it is considering using more than £600m of its cash mountain to buy back its own shares.

The move would be designed to boost the share price shares, which the company believes the stock market has underrated.

Lord Weinstock, chief executive, said yesterday that the board would be asking shareholders at its annual meeting in September for approval to buy up to *15 per cent of its share capital* during the next year.

Under existing arrangements the company could buy up to 10 per cent in any financial year. This power was last used in 1984 and 1985 3 per cent were bought.

The decision has been prompted by GEC's frustration in finding targets for acquisitions. Its bid for Plessey, rival UK electronics company, failed in 1986 and the company now believes that the prices of suitable acquisitions are too high.

"The real problem is that any acquisition that we can see in the market at the moment will yield in the long-term to the GEC shareholder a less good return than buying GEC shares," Lord Weinstock said on Channel Four's Business Daily programme.

Mr Malcolm Bates, deputy managing director, later confirmed that buying back the shares was a serious alternative. It would be the most attractive proposition unless the company's share price went up, he said.

Mr Bates was anxious to dispel any suggestion that buying back GEC's shares would amount to winding down the company. "It does not mean we are going to do this and shut down the shop," he said.

He stressed that the company *would still be in the market for acquisitions*. He pointed out that the company had spent £300m on fixed investment and £490m on acquisitions in the last financial year.

Disappointment has been expressed that GEC could not find suitable avenues for investment to keep it in the same league as the world's largest electronics concerns. However it is also thought that buying back its shares would give a boost to earnings per share and would probably be the right move.

The company's cash mountain at the end of March was £1.38bn. Even if it were to spend £600m on share purchases, it would have over £700m of cash left.

GEC's shares closed yesterday at 156p, up 1p. That compares with the 255p they reached last July.

Lyonnaise in agreed bid for E.Anglian Water

By Nikki Tait

Lyonnaise de Eaux, one of the three largest French water companies, yesterday unveiled a £21.6m recommended offer for East Anglian Water Company.

This is the French company's second full bid for one of the 29 statutory water companies. Last month, it launched a £47.6m takeover for Essex Water Company, the largest of the 29, setting a new pricing level in the sector.

Offer documents for Essex, posted yesterday, reveal that the French company has created a wholly-owned holding company, Lyonnaise UK. Representatives from both East Anglian and Essex will join its board, if the two bids are successful.

It is not expected that Lyonnaise will restrict its UK activity to these two companies, however. The French group already holds a substantial stake in Bristol Waterworks, and has indicated that it wants establish a core business in the UK.

Like the Essex bid, the East Anglian offer is recommended. The price was finally settled in late-night negotiations on Thursday between Hambros, East Anglian's advisers, and Bankers Trust, *advising Lyonnaise.*

Lyonnaise is offering 425p per share or £1 nominal of stock for the ordinary shares, consolidated ordinary stock, the ordinary stock and the consolidated preference stock. In addition, 110p is being offered for each 7 per cent redeemable preference share.

Unlike the Essex offer the price is pitched slightly below the present market price for shares and stock in East Anglian. Trading in the water companies' stock is limited, but deals around 450p-500p have been seen in East Anglian recently in the wake of speculation over the French company's intentions.

Lyonnaise acquired a 28.4 per cent holding in East Anglian, largely through an over-subscribed offer for sale by tender in May. The stake increased automatically to 44.8 per cent of the voting capital on Thursday when some voting preference stock was redeemed.

Under Takeover Panel rules, Lyonnaise was obliged to make a full bid for the company or reduce its stake below 30 per cent.

Interest in the water companies, which work alongside the 10 regional water authorities and supply about one quarter of the UK's water under agency agreements, has surged recently as investors have realised the potential they could offer. The hope is that they will be able to convert to profit-making "plc" status in the wake of privatisation of the regional authorities.

East Anglian is substantially smaller than Essex. Although its supply area covers 506 sq miles in much of Suffolk and part of Norfolk, it serves a population of only 236,000 in the winter months, rising to 441,000 during the summer. In the year to end-December it saw turnover of £7.5m and reported a surplus before tax of £1m. Shareholders funds at end-1987 were £9.1m.

East Anglian says that it sees mutual benefits from Anglo-French links, especially if it is given scope to develop water-related activities under new legislation. It added that Lyonnaise had guaranteed that the identity of the company would be retained.

TVS plans complex package to raise £150m to fund MTM buy

BY RAYMOND SNODDY

Television South, the British ITV company which has agreed to buy MTM, the independent US television production company for $325m (£190.4m), plans to raise more than £150m to finance the deal.

County NatWest, the merchant bank, which it is believed has underwritten the deal, has already begun a series of presentations to major institutions.

TVS plans to finance the dramatic acquisition of a US production base by a mixture of ordinary shares, convertible loan stock and debt.

It is believed that the equity involved accounts for more than £160m.

Despite County NatWest refusing to discuss the details of the financial package, the signs last night were that the intention is to raise money in both London and New York.

MTM, noted for series such as Hill Street Blues and St Elsewhere, planned a flotation on the New York Stock Exchange last autumn – a plan aborted because of the October crash.

The financial package put together by County NatWest is seen as a complex one, with innovative features and one in particular on which the institutions will probably take some time to form an opinion.

A formal announcement of the MTM acquisition will be made by TVS on Wednesday at the same time as the publication of the ITV company's interim results.

MTM, a company with post-tax profits of $25.1m on a turnover of $183.1m in 1987, has been making it clear for some time that it was potentially for sale. Several major British television companies, including Thames Television, the largest ITV company, were approached.

The US programme market is depressed at the moment and a number of production companies are believed to be available. The strength of the pound against the dollar could mean that other British television companies might try a similar strategy to that of TVS.

Oakwood in agreed bid for CoxMoore

BY DAVID WALLER

Oakwood and CoxMoore, two acquisition-minded companies, are merging to create a new grouping with interests in textiles and electrical engineering.

The merger takes the form of a £30.4m agreed bid from Oakwood for CoxMoore, the much larger company in terms of sales and profits.

The new group – likely to retain the Oakwood name – will have a market capitalisation of some £48m and combined turnover of £80m this year. The intention is to develop it into a major industrial holdings company, and acquisitions in other areas are planned.

The merger is the first transaction for Oakwood since Messrs Norman Fetterman and Anthony Ward joined the board in March this year. The duo are known for their spectacular success at Barham, a financial services and communications group.

They bought into Barham in 1983 when it was worth just £500,000; just before the crash last October, they sold the business on to International Business Communications for £98m.

Shares in Oakwood, a loss-making civil engineer and distributor of sanitaryware, surged when the pair came aboard earlier this year.

CoxMoore was created last July when Harold Ingram, a small quoted knitting group, paid £18.9m in shares to Messrs Michael Renton and Martin Green for their luxury knitwear and underwear companies.

CoxMoore estimates that pre-tax profits for the year to the end of April will not prove to be less than £2.3m; in the six months to November last year, the company reported pre-tax profits of £900,000 on turnover of £24.1m

Oakwood suffered a loss of £247,000 in the year to last October on turnover of £12.6m. The company's broker, Barclays de Zoete Wedd, has forecast that Oakwood would make pre-tax profits of £650,000 in the current year.

Mr Michael Renton, now executive chairman of CoxMoore, will become joint chairman of the new grouping, in which he will have a 19 per cent stake. Mr Fetterman – with a 6 per cent holding – will remain as chief executive and joint chairman.

Shares in CoxMoore rose from 90p to 138p, while Oakwood's shares dropped from 605p to 575p. The terms of the offer are 13 new shares in Oakwood for every 55 CoxMoore shares held, valuing each CoxMoore share at 136p.

The deal is a fait accompli as shareholders with 57.4 per cent of CoxMoore's equity have undertaken to accept the share offer; there is also a partial cash alternative and a partial loan note alternative.

Runciman argues against bid

BY FIONA THOMPSON

Walter Runciman, the shipping, insurance and security products group, yesterday urged its shareholders to reject an "unwelcome and grossly inadequate" £28.8m cash and shares bid from Telfos Holdings, the diversified engineering group.

In a brief defence document – its arguments outlined on just two facing pages – Runciman told its shareholders that Telfos had nothing to offer. "Telfos' management has no experience of shipping, security engineering or Lloyd's underwriting".

The Telfos management had been responsible for its own operating profits, excluding investment dealing profits, declining from £1m in 1985 to £640,000 last year, the document declared.

The Runciman share price on June 30 was 331p, it continued, compared with the Telfos cash alternative of 300p and the cash and shares offer of 328p.

Runciman said it had successfully met the challenges of the recession and shipping crises of the early 1980s, its activities had been restructured and it had demonstrated its recovery by "impressive growth in earnings per share: up 22 per cent in 1986 and 23 per cent in 1987".

Mr Garry Runciman, chairman, said the document "says all we feel is necessary to say at this stage".

Mr Jo Malins, Telfos' chief executive, expressed scepticism *yesterday about Runciman's* record of earnings growth, claiming it was largely because the company had enjoyed a pension holiday in both years. "The annual reports show that in 1985 Runciman had pension costs of £1m. This fell to £285,000 in 1986 and £186,000 in 1987".

As for Runciman's share price, Mr Malins claimed it had moved up purely because of his bid. "When we first bought Runciman shares on May 4 the price was 217p. If we hadn't bought 2.15m Runciman shares, the price might still be 220p".

Runciman shares closed 1p down last night at 330p. Telfos was also 1p off at 178p.

Harp helps Greene King climb to £14.2m

BY CLARE PEARSON

Greene King, East Anglian brewer of Abbot Ale, achieved a 14 per cent increase in pre-tax profits to £14.2m in the year to end-April.

Turnover rose 7 per cent to £100.52m, helped by beer price rises, and because beer sales volume moved ahead after a decline in the first half of the year. An improvement in trading margins to 13.3 per cent, from 12.5 per cent, was assisted by cost control measures.

Earnings per share rose 14 per cent to 22.5p (19.8p). There is a 5.2p final dividend, making a 15 per cent rise for the year to 7.45p (6.46p).

Harp lager, in which Greene King has a 25 per cent interest, the rest being owned by Guinness, continued to grow as a proportion of sales, accounting for just over 30 per cent. Associated companies, including Harp, contributed £747,000 (£604,000).

Elders IXL, the Australian conglomerate, has held a 13 per cent stake in Greene King since last November. At that time it gave assurances it would not launch a bid for six months. Elders had been hoping to persuade the company to sell its Fosters lager, but in defence Greene King has said it will start brewing Harp in early 1990.

Expenditure on improving existing pubs, and expansion of retail outlets in London and the Home Counties, was reflected in a lower net interest receivable figure of £88,000 (£176,000). Pubs are expected to use up £10m of a total capital expenditure budget of £16m this year.

Greene King's small-scale diversification into sports and leisure, most of which is through partnership arrangements, made a negative contribution to the results although there should be some profit in the current year.

Since the year-end, the company has taken a 30 per cent stake in Big R Leisure, which operates casinos and roller-skating rinks, on the basis that this would provide a minimum return before tax of £150,000 this year.

Property disposals contributed to a £1.28m (£1.63m) extraordinary item. From this year, profits from property will be included above the line.

● **comment**

Greene King is thought to be doing all the right things at a rather leisurely pace. There is a feeling that it might have responded more dynamically when it discovered that its home base, East Anglia, had become *the fastest growing region in the UK*. But the company's answer is change in its customer profile by imitating the industry shift to family pub retailing, and this takes time to filter through to profits. Its motivation for enhancing its connection with Harp may have been to bolster defences against Elders, which wanted it to sell Fosters, but it also brings its operations more closely into line with changes in national consumption. Boosted by the change in accounting for property, pre-tax profits could reach £18m this year, giving a prospective p/e of 14. The share price, probably around current asset value, is poised between being too expensive on trading grounds, and too cheap if a full bid is assumed. But any bidder would have to take account of the Monopolies and Mergers *Commission's statement that the* fate of regional brewers is a matter of public interest.

Holmes & Marchant £3m buy

BY VANESSA HOULDER

Holmes & Marchant Group, the marketing services company, yesterday took a small step towards its goal of becoming a major player in the advertising industry, with the acquisition of Broadbent Advertising, a London-based advertising agency, for a maximum of £3m in shares and cash.

Mr Emyr Jones, group financial director, said that the acquisition was part of Holmes' strategy of becoming one of the top 30 advertising agencies through acquisitions and organic growth. The company expected to see cross referral between its advertising interests and its design, sales promotions and PR businesses.

This acquisition, which is Holmes' second move into advertising, follows its £6m purchase in 1986 of Biggs Communications, a specialist in pharmaceutical company advertising. Since its flotation in 1985, Holmes has acquired a total of seven companies in design, public relations and advertising.

Broadbent specialises in retail advertising with clients that include J. Sainsbury, Homebase House and Garden Centres and the South Eastern Electricity Board. Pre-tax profits for the year to February 29 1988 were £352,000 on turnover of £8.6m. Net assets were £667,000.

Mr John Holmes, group chief executive of Holmes & Marchant will be appointed chairman of Broadbents. Mr Richard Hall, chief executive of Broadbents will become a director of Holmes & Marchant.

Of the total £1.33m will be paid on completion, with three further payments totalling a maximum of £1.67m depending on Broadbents' profits over the three years to February 1991.

Macallan-Glenlivet in £12.8m rights

BY VANESSA HOULDER

Macallan-Glenlivet, the malt whisky distiller, yesterday announced a £12.75m rights issue to build up increased levels of stocks.

Mr Willie Phillips, managing director, said that sales of The Macallan single malt had grown by 30 per cent since 1981. It was now timely to start laying down more whisky to meet the projected demand of 10 to 25 years ahead, he said.

The money from the rights issue would be used, firstly to pay off a £3m overdraft and then – over the next 10 years – to lay down a steadily increasingly volume of whisky. The costs of stockbuilding were high given the lengthy period needed to mature the whisky and the expensive sherry wood casks used, he added.

Mr Phillips said that the company envisaged that sales would continue growing over the next few years at a rate of between 18 and 23 per cent, but would reach saturation point in 15 years.

Sales of malt whisky, which makes up about 3 per cent of whisky sales, *have performed* well this decade, helped by an increased emphasis on marketing. Blended whisky sales, by contrast, have suffered from changes in fashion and surplus supplies and although sales has risen in the last couple of years, they have yet to recover from the sharp sales decline of 1978.

The proposed rights issue takes the form of one new ordinary share for every four held and one new ordinary for every £13.99 *nominal of convertible stock* held.

Trading for the first five months of the year was described as encouraging. The order book for new fillings – sold to make blended whisky – was ahead of 1987 sales and budget.

Tate and Booker joint venture

BY CLARE PEARSON

Tate & Lyle, the sugar refiner, and Booker, the agribusiness, food, and health products group, have entered a joint venture providing tropical agricultural development services.

The formation of Booker Tate Agribusiness International will end a long history of competition between the companies in managing and advising on agricultural schemes in developing countries.

These services have become progressively less important in terms of the overall activity of both companies over the last two decades. Tropical agricultural development accounted for around 2 per cent of total pre-tax profits of both companies in the last financial year.

BTAI is described by Tate & Lyle as "the largest of its kind in the world." But the combined pre-tax profit for both companies from its business in the last financial year was only £3.7m.

At the same time, the two companies are merging their activities in supplying sugar machinery into a new company, Fletcher Smith. Booker will take 65 per cent, reflecting its existing dominant role.

Sugar producers in Africa, Indonesia, and the Caribbean are the main customers for both companies' management and technical advisory services. BTAI will also provide similar services to tea and coffee producers, and take responsibility for a number of livestock operations.

In addition to supplying the two companies' own lines in Sugar Machinery, Fletcher Smith will supply under licence equipment produced in the main sugar producing companies.

Dryvale sets closing date for Glover acceptances

BY NIKKI TAIT

Dryvale, the recently-formed management buy-out vehicle which made a £47.2m offer for Glass Glover, has set a July 22 closing date for acceptances.

The offer for the fresh fruit grower and distributor went unconditional back in May, and Dryvale now controls 12.5m ordinary shares (84.9 per cent) and 8.66m preference (86.6 per cent). However, major institutional shareholder Scottish Amicable – which owns nearly 10 per cent of the ordinary shares and 12.6 per cent of the preference – has expressed its dissatisfaction over the terms of the bid, as have some private shareholders. Scottish Amicable is understood not *to have accepted the offer so far.*

Pericom in red at halfway

Pericom, *fell into the red* in the first half reporting losses of £328,000 pre-tax, compared with profits last time of £540,000. The Milton Keynes-based maker of computers and peripherals said it expected to return to profits in the second six months but not enough to give profits for the year.

In the six months to the end of March 1988 turnover was £9.59m (£8.91m). Losses per 10p share for this USM-quoted company were 10p (3.3p earnings) and the interim payment is being passed. Last time there was an interim of 1p but no final.

Directors said that the planned diversification had enabled the effects of a severe downturn in its traditional business to be minimised. The maintenance and distribution subsidiaries increased their share of turnover to 52 per cent.

The subsidiaries in France and the US and the European distributors had suffered from the market downturn and the recent high level of sterling. Exports formed a decreasing proportion of turnover.

However sales in the UK had been strong and the new product range had been well received.

Helical Bar/S Miller

Mr Michael Slade's Helical Bar, property developer and investor, said it no longer had a notifiable interest in Stanley Miller, Newcastle-based building and property group. Helical Bar acquired a 6.1 per cent holding on June 13 but made it clear it was "purely an investment".

Yesterday afternoon no-one at Helical Bar was available for comment. Shares in Miller were unchanged at 193p.

Jacques Vert buy

Jacques Vert, USM-quoted womenswear manufacturer, has bought Los Angeles-based Freego Corporation, sales, marketing and distribution operation for *$400,000 (£235,000)*. The company has been acting for Jacques Vert for the past year. Mr Alan Green, joint chairman, told the annual meeting that the company had seized the opportunity to exploit the potential in North America.

Reed Intl pay-out to directors

BY RAYMOND SNODDY

Reed International, the UK-based publishing company, last year paid two of its former directors a total of £242,142 compensation for loss of office.

The two were Mr Peter Burns, chief executive of Reed's Paint and DIY Products Group, a division sold in July 1987 and Mr Fraser Sedcole, part-time deputy chairman of Reed who resigned in 1987.

The details of the payments to the two former directors are contained in the company's annual report and accounts for the year ending March 1988 which were published yesterday.

Reed declined to say how the amount was split between the two men.

The highest paid Reed director, believed to be Mr Peter Davis the chief executive had a salary of £190,781.

In the report Sir Stanley Grinstead, the Reed chairman emphasised the company's long-term commitment to publishing and that by the end of the summer Reed should a purely publishing and information company.

"The trend in publishing has been towards fewer and larger groupings. It is a profitable and highly cash generative business and increasingly international in character", said Sir Stanley.

Reed would expand its existing business in the UK and the US and develop further in both Europe and the Far East.

Radamec to hold rights issue and gain full listing

BY PHILIP COGGAN

Radamec, electronics and engineering group, is raising £2.9m via a one-for-five rights issue to reduce its borrowings. At the same time, it is transferring from the USM to the main market.

Capital expenditure has amounted to £3m over the past two years, including £1m on the freehold of its Chertsey factory and £130,000 on its factory at Andover. Gearing has reached 80 *per cent, and the issue will* reduce the ratio to 20 per cent and allow the company to redeem £275,000 of cumulative redeemable preference shares.

The company is offering 3.04m shares at 100p each, a 22 per cent to yesterday's opening price of 128p. The shares closed 3p lower at 125p.

Mr Len Whittaker, the chairman, is only taking up part of his rights and as a result his stake (including his family interests) *will be reduced from 62 per cent* to 50.5 per cent.

Two Hickson stakes revealed

BY VANESSA HOULDER

Hickson International, the chemicals and building protection group recently the subject of takeover speculation, yesterday said it had been given assurances by the major chemical companies in Europe that they were not predators.

At the same time, it revealed that Allied Commercial Exporters, a property company, had over the past two months built up a 6 per cent stake in the company.

In addition, Tatich Finance, a Panamanian Company registered in Switzerland, has a 2 per cent shareholding.

One of Tatich's directors has an indirect holding in Allied Commercial, although the two companies have declared that they are not acting in concert.

Mr John Marvin, managing director of Hickson, said that he regarded the stake-building as a "tree-shaking" exercise, that stemmed from the belief that there was a predator in the chemical sector.

"They have picked the wrong apple tree," he said. "Hickson has been on peoples' theoretical hit-list forever."

Allied Commercial Exporters yesterday declined to comment.

Persistently high trading volumes and a rise in share price from 180p to 246p in the course of June led to press speculation about a possible predator.

CdeF Chemie of France, mentioned as a possible bidder, gave a firm denial of this, said Hickson.

The recent activity in its shares seemed to be "speculative hype" based on false rumour, Hickson added.

Jefferson Smurfit

At the annual meeting of Jefferson Smurfit, maker of corrugated cases, paper and board, the chairman said that all the company's main producing mills were still sold out and that that was ensuring a better climate for pricing. Profitability in the current year would, as a result, be excellent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Bogod Pelepah ....fin	0.22	-	0.2	0.32	0.25
'A' ....fin	0.44	-	0.4	0.64	0.5
Caparo Inds ....int	0.54♣	-	-	-	-
Greene King ....fin	5.2	-	4.5	7.45	6.46
Kleint.Bens Gil‡ ....int	29.68‡	-	29.42	-	122.73
Pericom § ....int	nil	-	1	-	1

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ♣ Special interim. ‡Gross throughout.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1988 High	1988 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
150	F.P.	8/7	166	153	ASW Hldgs. 25p	165	-	bf7.3	2.5	5.9	9.0
§135	F.P.	20/7	152	147	♦Acal 5p	148		L3.5	3.5	3.2	11.7
§280	F.P.	-	280	275	Anglesey Mining Units 9p	275		-	-	-	-
§130	F.P.	-	149	130	♦Appleby Westward Grp 20p	148	-1	L4.29	2.7	3.93	11.6
-	F.P.	-	24	7	*Beckenham Grp. Wrnts.	22		-	-	-	-
330	120	-	80	61	British Petroleum	60½	-1½	N12.5	1.5	6.26	13.5
§150	F.P.	-	166	158	Colroy 10p	161	-2	R4.0	3.4	3.3	9.4
§105	F.P.	-	116	108	Dauphin 5p	113	+3	L3.0	2.9	3.53	12.3
§165	F.P.	-	178	165	♦Domestic & Gen. Grp 10p	178		R6.2	1.8	4.6	12.6
-	F.P.	-	163	158	English & O'seas Props 10p	158		-	-	-	-
§95	F.P.	-	105	97	Eurocopy 5p	97		R2.19	2.5	3.0	16.7
-	F.P.	-	424	416	Gandalf Tech. Inc.	416		-	-	-	-
†	F.P.	-	105	90	Guinness Mahon Hldgs. 10p	105		-	-	-	-
§100	F.P.	8/7	111	100	♦HPC Group 12½p	111		W3.3	2.2	4.1	12.1
§65	F.P.	-	73	64	♦Harding Group 10p	66		u2.5	2.2	5.1	11.1
160	F.P.	-	163	158	Hi-Tec Sports	158	-2	L3.6	3.1	3.0	14.2
§125	F.P.	1/7	125	116	Isopad Intl. 10p	118	+1	L4.0	3.1	4.5	9.4
†	F.P.	-	118	105	Jackson Group 10p	115		3.0	3.3	3.5	11.5
§100	F.P.	28/7	103	91	Medler Group	103	+5	u09.8	2.1	4.2	11.3
165	F.P.	27/7	193	172	Prowting 20p	191	+3½	W4.25	3.5	3.0	13.0
§195	F.P.	-	247	198	Rechem Envntl. Servs.	239	+1	u4.5	2.5	2.5	21.2
§140	F.P.	-	161	153	♦Reject Shop 5p	156		u3.15	2.2	2.7	20.2
♦	F.P.	-	122	115	Seafield	115		-	-	-	-
§105	F.P.	-	119	111	Shaw (Arthur) 10p	111		L3.3	2.8	3.9	12.2
§	F.P.	-	181	173	♦Southnews 5p	181		L4.2	3.3	3.1	10.9
§80	F.P.	-	96	80	♦Tains (John) Group 10p	91	+1	L3.3	2.0	4.8	12.3
125	F.P.	1/7	134	128	Thorntons	134		R2.1	3.7	2.1	17.3
§140	F.P.	-	146	131	Waterways Partnership 10p	131		R4.5	3.0	4.5	9.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price £	+ or -
100	F.P.	-	142½	129½	A & M Group 10pc Cv. Un. Ln. 1998	140½	
100	F.P.	12/8	8p	4p	AMEC 6.5p Cnv Cv Pf	4p	
100p	F.P.	-	115p	112p	Billingsgate City Secs Cn. Pf. 1p	113p	
£99.03	F.P.	-	99¼	99¼	British Sugar 10¼pc Rd. Db. 2013	99¼	
-	F.P.	-	107p	100p	Cooper (F.) 6.5p Cv Rd Prf 10p	104p	
♦	Nil	-	23p	15p	Emess 6¾pc Cv. Cm. Rd. Pf	14p	
160p	F.P.	-	104p	100p	Fitch & Co. Design Cns Cv Rd Pf 2007	104p	
§100p	F.P.	-	102p	100p	General Southern Ests. 6.75p Cnv. Red.	100p	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price p	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of stocks per grouping	THURSDAY JUNE 30 1988 US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	WEDNESDAY JUNE 29 1988 US Dollar Index	Pound Sterling Index	Local Currency Index	DOLLAR INDEX 1988 High	1988 Low	Year ago (approx)
Australia (88)	138.18	-0.8	119.94	116.26	3.85	139.28	121.01	117.09	150.35	91.16	136.56
Austria (16)	85.55	+1.2	74.26	81.00	2.54	84.53	73.44	80.17	98.18	83.72	86.64
Belgium (63)	118.79	+0.5	103.12	112.50	4.48	118.18	102.67	111.91	139.89	99.14	121.84
Canada (125)	127.17	+0.5	110.38	111.65	3.01	126.59	109.98	111.60	128.91	107.06	129.35
Denmark (39)	128.82	+1.3	111.82	121.38	2.39	127.14	110.46	120.00	132.72	111.42	115.80
Finland (25)	132.32	+0.8	114.86	120.05	1.75	131.27	114.05	119.24	139.53	106.78	—
France (126)	95.97	+1.3	83.30	92.24	3.52	94.72	82.30	91.57	99.62	72.77	108.36
West Germany (99)	74.85	+0.7	64.97	70.73	2.62	74.29	64.55	70.64	80.79	67.78	96.13
Hong Kong (46)	107.38	+1.1	93.20	107.56	4.25	106.25	92.31	106.43	109.20	84.90	127.96
Ireland (18)	135.17	+0.2	117.33	128.91	3.68	134.97	117.26	129.20	141.54	104.60	133.06
Italy (102)	71.15	+0.9	61.76	71.63	2.80	70.49	61.24	71.39	81.74	62.99	95.63
Japan (456)	161.68	+1.1	140.34	136.49	0.53	159.95	138.96	135.18	177.27	133.61	141.88
Malaysia (36)	153.14	+0.5	132.93	153.93	2.39	152.38	132.38	153.20	153.14	107.83	171.72
Mexico (14)	167.60	-0.2	145.48	418.72	1.19	167.88	145.85	419.05	180.07	90.07	246.17
Netherland (38)	103.68	+0.0	89.99	96.98	4.77	103.67	90.06	97.59	110.66	95.23	123.44
New Zealand (21)	77.25	-1.6	67.05	61.00	5.85	78.47	68.17	61.76	84.05	64.42	98.44
Norway (25)	121.93	-0.6	105.84	110.02	2.74	122.68	106.59	110.15	132.23	98.55	140.61
Singapore (26)	123.61	+0.5	107.30	116.61	2.15	123.01	106.87	116.01	123.61	97.99	146.95
South Africa (60)	118.10	-2.4	102.51	88.26	4.97	121.06	105.18	88.21	139.07	118.10	157.46
Spain (42)	151.26	+0.1	131.30	139.35	3.15	151.09	131.27	139.19	164.47	130.73	122.04
Sweden (35)	115.97	-0.5	100.66	107.73	2.65	116.56	101.27	108.24	125.50	96.92	113.22
Switzerland (55)	79.24	+0.3	68.78	74.03	2.31	78.99	68.63	74.22	86.75	75.60	97.89
United Kingdom (327)	132.08	+0.3	114.64	114.64	4.33	131.73	114.44	114.44	141.18	123.09	151.24
USA (576)	111.58	+0.9	96.85	111.58	3.51	110.60	96.09	110.60	112.27	99.19	124.91
Europe (1010)	105.78	+0.5	91.82	96.48	3.72	105.28	91.47	96.31	110.82	97.01	122.32
Pacific Basin (673)	158.57	+1.0	137.65	134.40	0.73	156.99	136.39	133.19	172.26	130.81	141.05
Euro-Pacific (1683)	137.48	+0.8	119.33	119.27	1.66	136.33	118.44	118.47	147.53	120.36	133.60
North America (701)	112.41	+0.9	97.57	111.60	3.48	111.45	96.83	110.68	113.08	99.78	125.14
Europe Ex. UK (683)	89.43	+0.7	77.63	85.16	3.18	88.84	77.19	85.01	92.99	80.27	104.37
Pacific Ex. Japan (217)	121.17	-0.2	105.18	108.23	3.95	121.39	105.47	108.36	128.15	87.51	131.04
World Ex. US (1882)	136.96	+0.8	118.88	118.83	1.73	135.87	118.05	118.07	146.49	120.26	133.77
World Ex. UK (2131)	126.62	+0.9	109.91	116.46	2.11	125.51	109.04	115.55	131.77	111.77	128.25
World Ex. So. Af. (2398)	127.14	+0.8	110.36	116.47	2.31	126.07	109.53	115.63	132.39	113.26	130.11
World Ex. Japan (2002)	110.52	+0.6	95.93	106.09	3.59	109.81	95.40	105.50	112.43	100.00	124.80
The World Index (2458)	127.09	+0.8	110.31	116.28	2.32	126.05	109.51	115.44	132.38	113.37	130.29

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Latest prices were unavailable for this edition.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA Group	1,500	General Accident	499	Prudential	2,000
Allied-Lyons	4,500	General Elect.	9,600	Racal	3,400
Amstrad	1,200	Glaxo	907	Rank Org.	455
Argyll Group	542	Globe Investment	351	RMC	506
Assoc. Brit. Foods	1,000	Granada	916	RHM	2,300
BAA	2,000	Grand Met	1,000	Reckitt & Colman	70
BAT	2,100	GUS "A"	231	Redland	377
BET	2,100	Guardian R.E.	156	Reed Intl.	2,000
BICC	775	GKN	751	Reuters "B"	1,800
BOC	3,500	Guinness	1,400	RTZ	1,400
BPB Inds	587	Hammerson	110	Rolls-Royce	4,000
BTR	3,000	Hanson	3,100	Rothmans "B"	402
Barclays	1,600	Hawker Siddeley	1,000	Rowntree	7,200
Bass	1,100	Hillsdown Holdings	651	Ryl Bank Scotland	190
Beecham	1,300	IMI	319	Royal Insurance	881
Blue Arrow	2,000	ICI	1,200	STC	396
Blue Circle	652	Inchcape	551	Saatchi & Saatchi	440
Boots	6,500	Jaguar	1,300	Sainsbury	1,000
Brit. Airways	2,700	Ladbroke	304	Scott & Newcastle	829
Brit. Aerospace	3,200	Land Securities	145	Sears	2,500
Brit. & Comm.	582	Laporte	361	Shell Transport	1,200
British Gas	8,700	Legal & General	2,800	Smith & Nephew	7,500
BP	6,800	Lloyds Bank	1,800	Standard Chartered	120
Brit. Telecom	7,300	LASMO	7,800	Storehouse	1,900
Burmah Oil	876	Lonrho	754	Sun Alliance	21
Burton	2,400	Lucas	843	T & N	396
Cable & Wireless	2,300	MEPC	703	TSB	4,000
Cadbury Schweppes	4,000	Marks & Spencer	2,100	Tarmac	1,000
Coats Viyella	1,000	Maxwell Comm.	1,000	Tesco	1,800
Commercial Union	2,900	Metal Box	547	THORN EMI	1,400
Cons. Gold	362	Midland Bank	3,700	Trafalgar House	188
Cookson	159	NatWest Bank	583	Trusthouse Forte	3,400
Courtaulds	1,900	Next	1,700	Ultramar	2,800
Dalgety	163	Northern Foods	483	Unilever	1,400
Dee Corporation	1,000	Pearson	746	United Biscuits	535
Dixons	790	Pearl Group	283	Wellcome	387
English China Clays	861	P & O	555	Whitbread "A"	1,300
Enterprise Oil	2,400	Pilkington	4,100	Williams Holdings	1,600
FKI Babcock	2,000	Plessey	3,100	Wimpey	136
Fisons	1,700			Woolworth	948

BASE LENDING RATES

	%		%		%
ABN Bank	9½	Citibank NA	9½	Nat Bk. of Kuwait	9½
Adam & Company	9½	City Merchants Bank	9½	NatWestminster	9½
AAB - Allied Arab Bk	9½	Clydesdale Bank	9½	Northern Bank Ltd	9½
Allied Irish Bank	9½	Comm. Bk N. East	9½	Norwich Gen. Trust	9½
Henry Ansbacher	9½	Co-operative Bank	*9½	Provincial Bank PLC	10½
ANZ Banking Group	9½	Coutts & Co	9½	R. Raphael & Sons	9½
Associates Cap Corp	10	Cyprus Popular Bk	9½	Roxburghe Guarantee	9½
Authority Bank	9½	Dunbar Bank PLC	9½	Royal Bk of Scotland	9½
B & C Merchant Bank	9½	Duncan Lawrie	9½	Royal Trust Bank	9½
Banco de Bilbao	9½	Equatorial Bank plc	9½	Smith & Williamson Secs	9½
Bank Hapoalim	9½	Exeter Trust Ltd	10	Standard Chartered	9½
Bank Leumi (UK)	9½	Financial & Gen. Sec.	9½	TSB	9½
Bank Credit & Comm	9½	First National Bank Plc	10½	UDT Mortgage Exp	9.4
Bank of Cyprus	9½	● Robert Fleming & Co.	9½	United Bk of Kuwait	9½
Bank of Ireland	9½	Robert Fraser & Ptrs	10	United Mizrahi Bank	9½
Bank of India	9½	Girobank	9½	Unity Trust Bank Plc	9½
Bank of Scotland	9½	Grindlays Bank	9½	Western Trust	9½
Banque Belge Ltd	9½	● Guinness Mahon	9½	Westpac Bank Corp	9½
Barclays Bank	9½	HFC Bank plc	10	Whiteaway Laidlaw	10
Benchmark Bank PLC	9½	● Hambros Bank	9½	Yorkshire Bank	9½
Beneficial Trust Ltd	10½	Heritable & Gen Inv Bk	9½		
Brit Bk of Mid East	9½	● Hill Samuel	§9½		
Brown Shipley	9½	C. Hoare & Co.	9½		
Business Mtge Tst	10	Hongkong & Shangh	9½		
CL Bank Nederland	9½	Lloyds Bank	9½		
Central Capital	9½	Meghraj Bank Ltd	9½		
Charterhouse Bank	9½	Midland Bank	9½		
		Mount Banking	9½		

● Members of British Merchant Banking & Securities Houses Association. * 7 day deposits 3.46%. Sunrise 7.16%. Top Tier-£10,000+ at 3 month's notice 9.69%. § Mortgage base rate. § Demand deposit 4.38%. Mortgage 9.125% - 9.5%.

ECONOMIC DIARY

TOMORROW: Mr Neil Kinnock, Leader of the Opposition, speaks at Labour Party rally to celebrate 40th anniversary of National Health Service, Alexandra Palace, London.

MONDAY: Department of Trade and Industry publishes May final figures for retail sales; and May figures for credit business. UK official reserves *for June from the Treasury*. The Bank of England issues details of capital issues and redemptions in June. May figures for housing starts and completions from the Department of the Environment. Strike threatened by 4,800 rail technicians. Royal Show opens at Stoneleigh (until July 7). British Medical Association annual meeting opens, Norwich (until July 7). One million signatures petition against poll tax presented at Downing Street. European Parliament session opens in Strasbourg, with air safety and the Channel Tunnel on the agenda (until July 8)

TUESDAY: Mr John Patten, Minister for Home Affairs, speaks at Economic Development Office crime prevention conference. Institute of Actuaries working party statement on AIDS. Comecon summit opens in Prague (until July 7). Financial Times two-day conference opens in *London on the Financial Services* Act - legislation in action; Black Monday - nine months after.

WEDNESDAY: Department of Employment releases a detailed analysis of employment, unemployment, earnings, prices, and other indicators; and April figures for overseas travel and tourism. Advance energy statistics for May from the Department of Energy. British Airways annual meeting, Albert *Hall. National Economic Development* Council statement. Presidential elections in Mexico. EC economic and social committee starts two-day meeting in Brussels.

THURSDAY: TUC deadline for electricians' union (EEPTU) to cancel single union deals. Campaign for Freedom of Information statement. Launch of Soviet space probe to Mars and Phobos. United Nations disarmament conference resumes, Geneva. Financial Times Centenary Exhibition on personal investment opens, Queen Elizabeth II Conference Centre, Westminster (until July 9).

FRIDAY: Confederation of British Industry conference on Iraq - current policies and their effect on politics and trade. World Wine Fair (including gourmet food section) opens in Bristol (until July 16). Mr Michael Dukakis, Democratic US presidential contender, begins *three-day campaign tour of California*, Colorado, Arizona, and Washington state.

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Friday July 1 1988 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1988 to date	Thu Jun 30 Index No.	Wed Jun 29 Index No.	Tue Jun 28 Index No.	Year ago (approx) Index No.	1988 High	1988 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (208)	791.67	+0.2	10.88	3.99	12.41	12.32	789.99	788.67	788.35	976.43	794.10 24/6	786.80 8/2	1038.07 16/7/87	50.71 13/12/74
2 Building Materials (29)	1007.78	+0.2	11.17	4.19	10.99	15.99	1005.93	1008.48	1012.93	1260.74	1049.17 18/3	937.68 8/2	1381.08 16/7/87	44.27 11/12/74
3 Contracting, Construction (35)	1599.49	+0.3	10.29	3.56	12.71	25.92	1595.48	1592.81	1594.81	1783.65	1623.61 22/3	1385.83 4/1	1951.50 16/7/87	71.48 2/12/74
4 Electricals (12)	2088.68	+0.1	9.84	4.77	13.68	45.53	2086.02	2086.57	2089.64	2543.88	2121.77 22/6	1946.87 6/4	2733.45 20/7/87	84.71 25/6/62
5 Electronics (31)	1780.83	+0.4	9.80	3.48	13.10	18.75	1781.30	1785.44	1782.44	2138.41	1727.89 24/6	1423.66 9/2	2236.70 17/7/87	1229.01 8/10/85
6 Mechanical Engineering (56)	411.45	+0.3	9.46	4.25	13.19	7.18	410.10	406.54	406.61	520.38	411.45 1/7	367.20 8/2	544.57 14/10/87	45.43 5/1/75
8 Metals and Metal Forming (8)	476.84	—	10.02	3.92	12.33	7.77	476.88	473.93	476.07	563.88	479.98 21/6	424.40 19/2	596.67 9/10/87	49.65 6/1/75
9 Motors (14)	277.49	-0.3	11.79	4.62	9.82	5.22	278.19	278.69	280.05	374.14	295.13 10/3	259.79 5/4	411.42 13/10/87	19.91 6/1/75
10 Other Industrial Materials (20)	1323.62		8.76	4.16	13.59	21.24	1322.95	1314.96	1302.96	1597.07	1323.62 1/7	1191.01 8/2	1736.80 22/9/87	277.55 15/1/81
21 CONSUMER GROUP (187)	1102.87	+0.4	8.84	3.52	14.31	15.42	1098.58	1093.44	1092.91	1345.24	1107.97 23/6	996.55 8/2	1486.32 16/7/87	61.41 13/12/74
22 Brewers and Distillers (21)	1126.36	+0.7	10.57	3.59	11.89	15.78	1119.00	1115.82	1119.81	1212.07	1141.54 15/6	951.87 8/2	1269.35 16/7/87	69.47 13/12/74
25 Food Manufacturing (23)	991.76	+0.2	8.29	3.49	15.44	14.70	989.36	989.45	990.58	1044.72	1000.12 23/6	883.48 6/4	1092.25 16/7/87	59.67 11/12/74
26 Food Retailing (16)	2029.47	+0.2	8.49	3.24	15.66	21.46	2024.79	2023.57	2008.02	2573.29	2179.42 10/3	1964.63 7/6	2649.96 16/7/87	54.25 11/12/74
27 Health and Household (12)	1876.19	+0.2	6.69	2.60	17.42	[illegible]	1873.72	1862.97	1854.98	2528.79	1927.94 10/3	1788.33 13/1	2699.85 16/7/87	175.38 28/5/80
29 Leisure (30)	1361.23	+0.4	8.21	3.67	15.39	18.36	1345.40	1345.25	1338.68	1415.87	1355.22 24/6	1142.19 4/1	1504.79 13/10/87	54.83 9/1/75
31 Packaging & Paper (17)	526.49	+0.2	9.85	3.82	14.25	9.15	525.40	520.93	519.23	715.43	526.49 1/7	473.11 6/4	739.48 16/7/87	43.46 6/1/75
32 Publishing & Printing (17)	3439.12	-0.1	8.28	4.43	15.23	70.60	3442.97	3436.87	3440.31	4527.37	3632.86 4/3	3265.99 25/4	5070.66 5/10/87	55.08 6/1/75
34 Stores (34)	821.40	+1.0	10.19	3.90	12.95	13.45	813.62	804.32	806.96	1109.54	859.85 28/1	789.39 10/2	1160.58 29/7/87	52.63 6/1/75
35 Textiles (17)	607.38	+0.1	11.35	4.48	10.35	10.99	606.69	601.92	607.17	818.27	620.72 27/4	546.27 19/2	914.52 2/10/87	62.66 11/12/74
40 OTHER GROUPS (92)	918.89	+0.5	10.61	4.24	11.54	10.59	914.85	910.35	909.31	1138.76	918.89 1/7	834.42 8/2	1192.48 8/10/87	58.63 6/1/75
41 Agencies (19)	1173.82	+0.7	7.43	2.50	17.80	12.31	1165.42	1162.86	1174.92	1680.92	1219.02 18/3	1016.74 8/2	1795.57 17/7/87	870.35 4/12/87
42 Chemicals (20)	1188.83	+0.5	10.93	4.44	11.18	22.14	1183.44	1195.15	1189.06	1487.58	1121.06 6/1	971.71 5/4	1545.46 5/10/87	71.20 1/12/74
43 Conglomerates (13)	1218.91	+0.2	10.42	4.39	11.03	16.27	1208.10	1207.71	1211.10	1446.27	1226.64 22/6	1095.37 4/1	1547.01 8/10/87	975.19 10/11/87
45 Shipping and Transport (12)	1919.33	+0.4	11.20	4.61	11.82	34.84	1912.54	1901.32	1907.52	2369.19	1992.59 23/3	1718.96 4/1	2497.85 16/7/87	90.80 29/6/62
47 Telephone Networks (2)	1011.82	+0.5	11.80	4.40	11.79	8.90	1007.00	1001.86	995.61	1126.53	1011.82 1/7	880.24 12/1	1274.14 9/6/87	517.92 30/11/84
48 Miscellaneous (26)	1186.45	+1.0	11.07	4.33	10.25	20.25	1174.62	1172.11	1171.94	1583.73	1217.48 23/3	1096.28 19/5	1773.70 5/10/87	60.39 6/7/75
49 INDUSTRIAL GROUP (487)	983.35	+0.4	9.63	3.84	12.94	13.48	979.57	975.96	975.34	1285.73	985.59 23/6	887.00 8/2	1260.86 16/7/87	59.01 13/12/74
51 Oil & Gas (13)	1831.75	-1.2	11.85	5.85	11.63	39.00	1834.09	1847.66	1843.66	2354.29	1881.96 21/6	1699.17 13/1	2458.68 16/7/87	87.23 29/5/62
59 500 SHARE INDEX (500)	1053.78	+0.2	9.82	4.12	12.74	15.67	1052.00	1049.76	1048.86	1303.26	1059.94 23/6	958.79 5/2	1369.88 16/7/87	63.49 13/12/74
61 FINANCIAL GROUP (123)	709.27	-0.4	—	4.79	—	14.82	711.87	710.31	712.31	830.38	720.68 14/6	630.02 8/2	896.67 13/10/87	55.88 13/12/74
62 Banks (8)	681.75	-0.4	21.82	6.16	5.38	18.03	685.25	682.60	681.87	832.44	694.27 4/3	610.26 7/4	898.38 16/7/87	62.44 12/12/74
65 Insurance (Life) (8)	1054.63	-1.2	—	4.76	—	24.97	1066.97	1060.62	1064.74	1173.68	1072.44 10/6	938.43 9/2	1285.72 9/10/87	44.88 2/1/75
66 Insurance (Composite) (7)	547.72	-0.5	—	5.48	—	13.82	550.52	546.98	552.77	624.17	567.92 10/6	481.43 8/2	787.58 13/10/87	43.96 13/12/74
67 Insurance (Brokers) (7)	985.76	-0.2	9.78	4.46	13.22	31.54	987.70	1008.73	1016.58	1291.54	1022.51 27/6	823.41 6/4	1399.56 17/7/87	65.86 16/12/74
68 Merchant Banks (11)	359.97	+0.1	—	4.01	—	3.94	359.73	359.98	359.04	416.21	378.23 9/6	334.73 5/4	547.59 12/10/87	31.21 7/1/75
69 Property (52)	1225.86	+0.1	4.92	2.63	26.01	13.17	1224.63	1225.41	1233.60	1318.80	1258.31 15/6	975.44 4/1	1374.86 16/7/87	56.01 20/4/65
70 Other Financial (30)	388.16	......	10.82	4.88	12.41	8.24	388.86	387.69	384.29	549.37	401.37 22/3	378.51 8/2	683.48 16/7/87	33.29 17/12/74
71 Investment Trusts (78)	915.97	+0.2	—	2.97	—	11.48	914.59	907.88	907.98	1180.40	915.97 1/7	784.91 4/1	1207.90 5/10/87	71.12 13/12/74
81 Mining Finance (2)	520.93	+0.7	9.28	3.61	12.19	8.12	517.46	521.13	531.65	525.49	556.12 23/6	385.04 8/2	727.93 3/8/87	66.31 30/9/74
91 Overseas Traders (8)	1171.89	+0.7	9.85	4.77	11.92	27.88	1163.60	1159.16	1161.47	1123.87	1171.89 1/7	969.88 4/1	1364.12 13/10/87	97.37 6/1/75
99 ALL-SHARE INDEX (711)	963.88	+0.1	—	4.18	—	15.25	963.01	960.90	961.08	1174.69	970.75 23/6	870.19 8/2	1238.57 16/7/87	61.92 13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Jun 30	Jun 29	Jun 28	Jun 27	Jun 24	Year ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX ‡	1858.2	+0.6	1862.4	1857.8	1857.6	1855.1	1856.9	1841.5	1871.3	2328.1	1879.3 22/6	1694.5 8/2	2443.4 16/7/87	986.9 23/7/84

FIXED INTEREST

PRICE INDICES	Fri Jul 1	Day's change %	Thu Jun 30	xd adj. today	xd adj. 1988 to date
British Government					
1 5 years	121.10	-0.03	121.14	—	5.87
2 5-15 years	136.69	-0.01	136.70	—	7.09
3 Over 15 years	146.15	+0.01	146.13	—	6.88
4 Irredeemables	161.78	-0.04	161.85	—	7.30
5 All stocks	134.09	-0.01	134.11	—	6.68
Index-Linked					
6 5 years	127.66	+0.08	127.56	—	1.12
7 Over 5 years	120.47	+0.08	120.37	—	1.72
8 All stocks	120.89	+0.08	120.79	—	1.67
9 Debentures & Loans	118.03	-0.12	118.20	0.02	6.14
10 Preference	93.43	......	93.43	—	3.31

AVERAGE GROSS REDEMPTION YIELDS		Fri Jul 1	Thu Jun 30	Year ago (approx.)	1988 High	1988 Low
British Government						
1 Low	5 years	9.41	9.37	8.34	9.41 1/7	8.38 18/4
2 Coupons	15 years	9.50	9.49	9.08	9.83 13/1	8.90 18/4
3	25 years	9.28	9.27	9.09	9.57 13/1	8.82 18/4
4 Medium	5 years	9.88	9.85	9.25	9.88 1/7	8.75 18/4
5 Coupons	15 years	9.71	9.70	9.33	10.01 13/1	9.12 15/3
6	25 years	9.50	9.48	9.33	9.79 13/1	8.99 14/3
7 High	5 years	9.96	9.93	9.39	9.96 1/7	8.84 18/4
8 Coupons	15 years	9.87	9.87	9.47	10.16 13/1	9.26 15/3
9	25 years	9.57	9.56	9.24	9.82 13/1	9.03 15/3
10 Irredeemables	†	9.53	9.49	8.99	9.53 1/7	8.65 18/4
Index-Linked						
11 Inflation rate 5%	5yrs.	2.73	2.73	2.70	3.08 8/1	2.09 30/3
12 Inflation rate 5%	Over 5 yrs.	3.86	3.86	3.83	4.27 13/1	3.67 13/4
13 Inflation rate 10%	5 yrs.	1.73	1.73	2.39	3.59 13/1	1.09 30/3
14 Inflation rate 10%	Over 5 yrs.	3.70	3.69	3.77	4.37 13/1	3.50 20/4
15 Debs &	5 years	10.81	10.83	10.18	11.08 13/1	10.16 24/5
16 Loans	15 years	10.80	10.79	10.18	11.07 1/1	10.51 19/4
17	25 years	10.78	10.75	10.18	11.11 1/1	10.51 19/4
18 Preference	†	9.61	9.61	10.25	10.84 4/1	9.54 22/6

‡Opening index 1858.8; 10 am 1862.1; 11 am 1858.1; Noon 1859.3; 1 pm 1859.1; 2 pm 1858.8; 3 pm 1859.3; 3.30 pm 1858.4; 4 pm 1857.4

CONSTITUENT CHANGES: Local London Group(69) has been inserted. R.H.P. Group(4) has changed to Pilgrim House Group. T.& N. Group(10) has moved to group 9.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p

INTERNATIONAL COMPANIES AND FINANCE

Daimler 'closer to link with MBB'

BY ANDREW FISHER IN FRANKFURT

MR EDZARD REUTER, chairman of Daimler-Benz, yesterday indicated that the diversified West German motor concern was now more ready to take a stake in Messerschmitt-Bölkow-Blohm (MBB), the aerospace company.

But he stressed that it would not become involved in an "unpredictable adventure" that would strain its financial and management resources.

He also said that group turnover this year would rise by around 8 per cent to DM73bn ($40bn) after a 5 per cent increase in the first half to DM34bn. While car sales were only 3 per cent higher, those of trucks went up by 10 per cent. Daimler remained optimistic on the truck side, with production up 15 per cent this year. But overcapacity in the industry was still a problem.

Repeating his view that the German aerospace and space industry needed to be reshaped to meet international competition, he said Daimler had left no doubt of its willingness to take part in such a process as long as the politicians created the right conditions.

"These conditions are now mostly in place," he said. The Government and Parliament had worked out acceptable long-term concepts for manned space travel and military aircraft. And a political readiness to remove the financial risks of the Airbus programme from MBB, which owns Deutsche Airbus, was also emerging.

Thus, he added, Daimler could now study whether the overall concept for a restructuring of the industry was "really watertight in corporate terms."

Mr Reuter told shareholders that Daimler was still trying to work out a solution with the minority family shareholders in Dornier to the dispute which led to the halting of the development of a new civil aircraft. This concerns a DM300m capital increase which Daimler wants to push through at Dornier.

Speaking of Daimler's basic vehicle business, he confirmed that car output would be cut by 25,000 units this year from the 598,000 of 1987 to reduce stocks before introducing new models.

In the first half, car production was 1 per cent lower. But this mainly reflected a 17 per cent drop in diesel models, affected by "thoughtless" environmental comments by politicians. Petrol-driven cars showed an 8 per cent rise.

Kevin Done, Motor Industry Correspondent, writes: Daimler-Benz and Mitsubishi Motors (MMC) have formed a joint venture to co-operate in the sales and service of Mercedes-Benz cars in Japan.

The venture, to be known as Stuttgart Auto Service, will be 51 per cent owned by Mercedes-Benz Japan and 49 per cent by MMC. Mitsubishi said sales through the venture would begin in the autumn with the aim of selling 5,000 cars a year in the medium-term.

Sony sets off on the road to Hollywood

By Roderick Oram in New York

FOLLOWING UP quickly on its $2bn entree into the music business, Sony is off to Hollywood to produce and distribute films in a further effort to tap the entertainment "software" business.

The Japanese consumer electronics company is trying to balance its troubled position in hardware such as video recorders and record players by becoming a leading provider of material to play on them. Sony took a big leap with the strategy when it paid $2bn for CBS Records late last year.

Sony's US unit said its video distribution company had set up Sony Pictures to become "fully involved" in all aspects of producing and distributing "high quality" films.

"The development of Sony Pictures will position us to expand our activities in the mainstream feature film industry as well as our revenue base in the foreign and domestic theatrical, home video and television markets," Mr John O'Donnell, president of Sony Video, said.

The company will release its first film, Tiger Warsaw starring Patrick Swayze, in August followed by Cameron's Closet with Mel Harris and Midnight with Lynn Redgrave and Tony Curtis.

Falconbridge wins fight to buy back 25% stake

BY ROBERT GIBBENS IN MONTREAL

MR WILLIAM JAMES, the determined president and chairman of Falconbridge, Canada's second biggest nickel producer, has prevailed in the contest for a controlling stake in his own company.

Falconbridge is buying Placer's 25 per cent fully diluted controlling interest following a favourable ruling from the Ontario Securities Commission. It is paying about C$25.75 per share or a total of C$534m (US$440.6m).

The deal with Placer means that publicly-quoted Falconbridge has also won its independence from major resource groups. In the past six years alone it has been controlled by Superior Oil and Mobil of the US, and then by Placer Dome, itself a merger of Placer Development and the former Dome Mines.

Falconbridge is also getting Placer's 53 per cent controlling interest in McIntyre Mines, a big western coal producer, and will make a follow-up offer for the rest at C$84 a share.

The total transactions planned by Mr James and Falconbridge are estimated to have a value of more than C$900m. The other bidders for Placer's stake in Falconbridge are understood to have included Noranda, RTZ of Britain, the Anglo American Corporation and Boliden of Sweden.

Placer will make a C$126m after-tax gain on the sale of its Falconbridge holding. It plans to invest the proceeds in new mine development in North America and abroad, mainly for gold production. It is already Canada's largest gold producer and has a major development project in Papua New Guinea.

Falconbridge's nickel production is in Canada and it is an aggressive base metals producer and explorer. Mr James plans to finance the share acquisitions mainly with bank debt for the medium term.

It expects its existing debt will be down below C$500m by year end, with a strong earnings surge from peak nickel output and record prices. Before the Placer deal, he estimated Falconbridge would earn C$3.05 a share this year.

Kurushima suffers loss of Y166.2bn

By Ian Rodger in Tokyo

KURUSHIMA Kosan, the Japanese company formed last October to take over the shipbuilding facilities and other assets of the bankrupt Kurushima Dockyard group, suffered a net loss of Y166.2bn ($1.24bn) in the year to March.

Mr Katsuhiko Noda, president, said the loss resulted from write-offs of irrecoverable claims, which had been anticipated. Revenues totalled Y23.6bn while the operating loss was Y3.3bn and the pre-tax loss Y6.2bn.

The group's main sources of revenue are the sale of assets and the leasing of shipbuilding facilities to a 25 per cent owned affiliate, Shin Kurushima Dockyard.

Shin Kurushima made an operating profit of Y57m on sales of Y32.6bn in the year to March, but it had a loss of Y222m at the pre-tax level and a net loss of Y3.3bn. It had a backlog of orders worth Y39.8bn at the end of March, and the company hopes to be profitable this year.

Mr Noda said there was no possibility that Mr Hisao Tsubouchi, the former owner of Kurushima Dockyard, would return as president of Shin Kurushima.

Tisco and Telco ahead sharply

BY R.C. MURTHY IN BOMBAY

PROFITS OF Tata Iron and Steel Company (Tisco) and Tata Engineering and Locomotive Company (Telco), the two companies which head India's private corporate sector, soared in the year ended March.

Tisco and Telco are locked in an in-house race for the top position. Telco, the market leader for trucks, is catching up with Tisco after striking a bad patch in 1986-87 when vehicle sales fell, forcing a cut in dividend.

Sales at Telco rose 17 per cent to Rs14.03bn ($1bn) in the latest year while gross profits jumped by more than half to Rs1.48bn from Rs960m. Earnings after tax were Rs269.5m against a mere Rs29.3m and the dividend, which was cut to 10 per cent in 1986-87, is being restored to 23 per cent.

Mr S. Moogaokar, Telco chairman, says the turnround was made possible by sustained demand for commercial vehicles, despite drought in several parts of the country. Telco is producing 5,000 trucks vehicles a month and plans to expand capacity to 7,000 a month in about two years.

Tisco, which has an integrated steel plant of 1.7m tonnes, is working to the utmost of its capacity. The Government has granted permission for Tisco, the country's only private sector steelmaker, to expand by 1m tonnes but it will take some three years to commission a new plant.

Sales rose 7.8 per cent to Rs15.27bn and gross profits were up 18 per cent to Rs1.86bn. Despite provisions for depreciation which rose by half to Rs740m, net profits reached Rs1.2bn against Rs896m. The company will maintain its 23 per cent dividend on capital expanded by a two-for-five bonus issue.

A fifth of Tisco's Rs10bn expansion programme is to be financed by foreign currency loans, the remainder generated internally and through rupee borrowing.

KHD 'likely to return to profitability in 1989'

BY OUR FINANCIAL STAFF

Klöckner-Humboldt-Deutz, the troubled West German machinery maker, is likely to return to profitability in 1989 after two straight years of losses, Mr Karl-Josef Neukirchen, chairman, said yesterday.

Business activity exceeded expectations in the first five months of 1988, he told the annual meeting, as group sales climbed 4 per cent to DM1.6bn ($880m) and order inflow rose 8 per cent from the year-earlier period. The order backlog at May 31 was up 14 per cent.

KHD is in talks to sell its French diesel engine subsidiary, and earlier this week agreed on a joint venture with Greenland of the Netherlands on farm equipment production. KHD has also signed an accord on joint distribution of industrial gas turbines with Kawasaki of Japan, Mr Neukirchen said.

The company is expected to report a loss of less than DM100m this year, down from DM287m in 1987, because of drastic restructuring measures.

Rise at Siemens Beteiligungen

By John Wicks in Zurich

SIEMENS BETEILIGUNGEN, the Swiss-based international holding company for Siemens of West Germany, has reported a slight increase in net earnings for the year ended March 31 from SFr60.7m to SFr61.6m ($40.9m).

The Zurich company is to transfer SFr50m of this in the form of dividends, with SFr10m being retained to strengthen reserves. *In 1986/86 SFr60m had* been paid as dividend. The board has further increased equity capital by SFr100m to SFr722.5m by the issue of 100,000 new shares.

Danish sugar maker moves ahead strongly

DANSK Sukkerfabrikker, the Danish sugar group, has reported a substantial improvement in earnings in the year ending in April, writes Hilary Barnes.

Group profits before extraordinary items increased from DKr391m to DKr446m ($37.7m), although parent company profits were down from DKr409m to DKr363m.

Net earnings increased from DKr171m to DKr265m. An *unchaged 14 per cent dividend* was proposed. Group sales were slightly down from DKr6.91bn to DKr6.69bn, partly owing to divestments.

Hunts agree deal with creditors

BY OUR NEW YORK STAFF

THREE HUNT brothers of Dallas, once among the wealthiest men in the world thanks to the legendary wildcatting skills of their father H.L. Hunt, have finalised an agreement with creditors which will allow them to rescue part of their empire from the bankruptcy courts.

They will give a group of 13 banks led by Manufacturers Hanover half-ownership in Penrod Drilling, one of the world's largest independent offshore drillers, a $500m eight-year secured note, $50m cash and $200m of real estate to settle $760m of overdue debt.

While the brothers have capitulated to the banks after a bitter two-year fight, they have won options to buy back the Penrod stake and some of the real estate for sums believed to be $300m and $200m respectively.

Bankers and lawyers connected with the tangled proceedings expressed confidence that an agreement with the Hunts could be finalised this summer on Placid Oil, their exploration and production company which is also operating under protection *of the bankruptcy courts.*

The Hunts blame their misfortunes on the early 1980s collapse in oil prices. But their difficulties can be traced back to 1980 when their attempt to corner the world silver market backfired spectacularly. Collapsing silver prices forced them to borrow $1.1bn through Placid and $850m through Penrod to satisfy creditors.

Despite their highly publicised drubbing, they remain hugely wealthy with a net worth estimated at about $1bn. They had inherited from their father some $5bn which, at the height of their commodity speculation, had parlayed into a paper fortune of some $14bn.

As part of the Penrod settlement, agreed in broad outline at the beginning of the year, they will largely cede control of the company to the banks. Mr Herbert Hunt, its managing partner for some 25 years, will give up his position although he hopes to help run the company.

He was credited with the brothers' counter-suit against the bank for $14bn, claiming they were deliberately trying to destroy the family business. The brothers have agreed to drop the suit as part of the settlement.

Brierley sells Tasmanian brewery

BY OUR FINANCIAL STAFF

WILSON NEILL, a New Zealand liquor company, is buying Cascade Brewery, Australia's oldest continuing manufacturing enterprise, from Sir Ronald Brierley's Industrial Equity for a price understood to be around A$110m ($87m).

Cascade produces the best-selling beers in Tasmania and owns bars, hotels and other related interests. It had sales of A$105m in the year ended June 1988.

Wilson Neill is 15.61 per cent owned by Magnum Corporation, a Brierley Investments brewing subsidiary. The purchase is being made through Wilson Neill Australia, a 63 per cent-owned subsidiary.

Industrial Equity, which is Brierley Investments' 51 per cent-owned Australian vehicle, said it felt that the further development of Cascade "is limited unless it can be aligned with a strong liquor industry-based operator."

The acquisition is significant for Wilson Neill, which had turnover of NZ$264m in the year ended March 31.

WORLD COMMODITIES PRICES

Week in the Markets

THE RECENT dominance of the London commodities scene by the metals markets continued to be eroded this week as attention focussed more and more on the US drought.

The chief beneficiary on this side of the Atlantic was the sugar market.

Having spent a long time in the doldrums because of the high level of world stocks, sugar prices had already been boosted by ominous signs of supply problems in China. That country's ability to meet steadily rising domestic demand has been damaged by two bad harvests in succession and the resulting shortfall has been reflected in markedly higher world market purchases since late last year.

Against that firmer background growing concern about the impact of drought on US production has had a dramatic effect on prices.

The London daily raw sugar price, which at the beginning of May stood at $220 a tonne, was fixed yesterday at a 6-year high of $344 a tonne, up $63.50 on the week.

Reports that the drought-driven rise in maize prices was likely to persuade some big US soft drinks bottlers to switch back to sugar from high fructose corn syrup — which is made from maize — had been fuelled the upsurge in mid-week. They were discounted and prices eased, but the upward trend was quickly reasserted as Chicago traders recovered from the dampening effect of scattered showers in the cornbelt and concluded that the drought was still continuing.

In Chicago the influence of the drought has been most marked in the soya complex, and that has resulted in a particularly lively performance in London's soyabean meal futures market.

The October position ended the week little changed at £197 a tonne. But the price ranged between 183.50 a tonne and £217 a tonne as drought prospects ebbed and flowed during the week.

The cocoa market maintained its recent stronger tone for most of the week, with the September futures position adding £25 to last week's £38 rise. Yesterday, however, profit-taking took its toll and the price lost £21 to end the week only £3 up on balance at £952 a tonne. Dealers said the earlier firmness of cocoa prices had reflected limited availability of good quality beans for immediate delivery.

The coffee market was also retracing its steps yesterday, but, unlike cocoa, it was recovering losses rather than relinquishing gains. The September position rose £15 to end £38 down on the week at £1080 a tonne.

Coffee dealers said a technically inspired bounce was to be expected following the earlier losses, which had come on top of a £31 fall in the September position last week. And they thought further gains were possible.

They said the fall had increased the likelihood of a cut in global export quotas *under the terms of the International Coffee Agreement.* A cut would be triggered if the 15-day moving average indicator price fell to 115 cents a lb. On Thursday the average stood 2.94 cents above that level, but the daily price was at 111.76 cents.

At the Baltic International Freight Futures Market prices had been showing modest losses until staging a sudden rally yesterday. The October position put on 39 points to close 20 up on the week at 1,390 points (trading is based on $10 per point of the underlying Baltic Freight Index). The rise was attributed to rumours of Soviet interest in grain shipping from the US. But some traders were dubious about this in view of the present uncertain American supply situation.

Yesterday saw the introduction of a new prompt freight futures position designed bridge the wide gap between the standard quarterly positions and to make the market a more useful hedging medium for shippers, who are tending to work in a shorter time-frame than in the past. Prompt August, the first of the new positions, traded 109 contracts out of an overall total of 571.

On the London Metal Exchange base metals prices had an uncertain week, with movements often being in response to currency factors.

In the copper market an easing in supply tightness was reflected in a narrowing of the cash premium over metal for three months delivery. Cash grade A copper fell £51.50 on the week to £1,347.50 a tonne, while the three months position was down only £8.50 at £1,301 a tonne.

Richard Mooney

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1988	Low 1988
Gold per troy oz.	$437.00	-6.75	$448.9	$485.5	$425
Silver Per troy oz.	393.35p	-2.85	448.9p	404.2p	338.75p
Aluminium 99.7% (cash)	$2680	-230	- *	$4205	$1915
Copper Grade A (cash)	£1347.5	-51.5	£1043	£1657.5	£1129.5
Lead (cash)	£375.5	+9.5	£435	£402.5	£328
Nickel (cash)	$14750	-200	£2774.5	$22200	£4022.5
Zinc (cash)	£740.25	-41.25	£531.5	£824	£453.5
Tin (cash)	£4200	+70	£4145	£4207.5	£3625
Cocoa Futures (Sept)	£952	+3	£1326.5	£1182	£892
Coffee Futures (Sept)	£1080	-37	£1262	£1317	£1042
Sugar (LDP Raw)	$344.0	+63.5	$171.8	$344	$213.6
Barley Futures (Nov)	£106.2	+1.2	£99.6	£109.85	£97.25
Wheat Futures (Sept)	£107.9	+0.6	£99	£115	£103.35
Cotton Outlook A Index	*68.85c*	*-2.55*	*81.45c*	*75.3c*	*63.95c*
Wool (645 Super)	654p	+2	477p	673p	484p
Rubber (Spot)	77.00	+0.25	69.75p	88p	61.25p
Oil (Brent Blend)	$13.85	-1.525	$19.375	$17.525	$13.85

Per tonne unless otherwise stated. †Unquoted. p-pence/kg, c-cents/lb t-July. *Aluminium 99.7% only available since August.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$12.25-2.30z	-0.325
Brent Blend	$13.80-3.90	-0.40
W.T.I (1 pm est)	$14.95-4.99z	-0.33
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$170-182	-1.5
Gas Oil (Soviet)	$129-130	+1
Heavy Fuel Oil	$64-66	
Naphtha	$145-147	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$437.00	+1.25
Silver (per troy oz)♣	673c	+9
Platinum (per troy oz)	$567.50	+8.25
Palladium (per troy oz)	$125.00	+0.75
Aluminium (free market)	$2445	-330
Copper (US Producer)	114¼-118c	
Lead (US Producer)	36.0c	
Nickel (free market)	670c	
Tin (European free market)	£4200.0	-7.5
Tin (Kuala Lumpur market)	18.39r	-0.03
Tin (New York)	332.5c	
Zinc (Euro. Prod. Price)	$1337.5	
Zinc (US Prime Western)	65¾c	
Cattle (live weight)†	109.60p	-2.29*
Sheep (dead weight)†	164.11p	+0.18*
Pigs (live weight)†	86.68p	-3.26*
London daily sugar (raw)	$344x	+24
London daily sugar (white)	$315x	+15.5
Tate and Lyle export price	£314.5	+16.0
Barley (English feed)	£105.0q	+0.5
Maize (US No. 3 yellow)	£145.75	
Wheat (US Dark Northern)	£128.75x	
Rubber (spot)♥	77.00p	+0.50
Rubber (Aug)♥	83.25p	+0.50
Rubber (Sep)♥	83.50p	+0.50
Rubber (KL RSS No 1 July)	363.0m	-0.5
Coconut oil (Philippines)§	$705x	
Palm Oil (Malaysian)§	$570	
Copra (Philippines)§	$460	
Soyabeans (US)	£235	-5
Cotton "A" index	67.95c	-0.95
Wooltops (64s Super)	654p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Jul/Aug. z-Aug/Sep. y-Aug. q-Sep. v-Oct. *Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low	
Jly	932	951	974	927
Sep	952	973	990	947
Dec	963	979	991	961
Mar	982	992	1009	980
May	1003	1015	1026	998
Jul	1025	1033	1043	1022
Sep	1045	1052	1062	1059

Turnover: 5980 (5380) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jun 30: 1234.59 (1218.60) .10 day average for July 1: 1200.39 (1195.86)

COFFEE £/tonne

	Close	Previous	High/Low	
Jly	1057	1043	1060	1053
Sep	1080	1065	1084	1069
Nov	1101	1081	1102	1086
Jan	1121	1104	1120	1105
Mar	1138	1122	1139	1125
May	1156	1137	1158	1147

Turnover: 4410 (5549) lots of 5 tonnes
ICO indicator prices (US cents per pound) for June 30: Comp. daily 1979 111.76 (113.04); 15 day average 117.94 (118.69).

SUGAR $ per tonne

Raw	Close	Previous	High/Low	
Aug	314.00	297.00	340.00	295.00
Oct	321.80	288.60	333.00	290.00
Dec	296.00	279.60	291.60	
Mar	286.40	271.20	288.00	277.60
May	282.40	269.20	283.00	275.00
White	**Close**	**Previous**	**High/Low**	
Aug	318.00	297.00	320.00	
Oct	318.00	293.00	318.00	305.00
Dec	314.00	290.00	315.00	305.00
Mar	314.00	291.00	315.00	305.00
May	315.00	290.00	315.00	304.40

Turnover: Raw 9415 (5948) lots of 50 tonnes; White 1626 (2066).
Paris- White (FFr per tonne): Aug 1913, Oct 1890, Dec 1895, Mar 1900, May 1905, Aug 1910

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 1,025 tonne
Cash	2675-85	2685-2735		2585-90		
3 months	2610-30	2615-65		2525-45	2600-20	6,075 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 16,150 tonne
Cash	1490-500	1485-90	1440	1440-5		
3 months	1454-5	1450-5	1460/1410	1417-20	1444-5	53,333 lots
Copper, Grade A (£ per tonne)						Ring turnover 30,400 tonne
Cash	1345-50	1377-80	1360/1350	1358-60		
3 months	1300-2	1329-30	1321/1300	1318-9	1305-7	68,287 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1260-70	1305-25		1260-80		
3 months	1235-45	1275-95		1250-60		44 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	668-71	661-4		664-7		
3 months	680-3	673-5		674-9		570 lots
Lead (£ per tonne)						Ring turnover 5,250 tonne
Cash	375-6	376-9	374	374-8		
3 months	374-5	375-6	379/371	377-8	374-5	13,108 lots
Nickel ($ per tonne)						Ring turnover 936 tonne
Cash	14735-75	14400-500	14730/14400	14450-500		
3 months	14300-50	14000-50	14400/14100	14100-30	14350-400	6,238 lots
Zinc (£ per tonne)						Ring turnover 16,275 tonne
Cash	740-0.5	750-2	727/724	726-7		
3 months	709-9.5	725-7	710/697	701-3	708-9	23,322 lots

GAS OIL $/tonne

	Close	Previous	High/Low	
Jul	129.00	128.75	129.75	127.25
Aug	127.50	127.50	129.00	126.25
Sep	128.00	128.00	129.50	127.00
Oct	129.00	129.75	131.00	128.75
Nov	130.25	131.50	131.75	129.00
Dec	131.50	133.50	133.00	130.50
Jan	131.25	134.00		

Turnover: 8037 (12750) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
Jly	107.15	106.75	107.25	107.00
Sep	107.90	107.15	108.00	107.50
Nov	110.55	109.80	110.60	110.05
Jan	113.40	112.60	113.65	111.40
Mar	115.90	114.90	115.90	115.60
May	118.10	117.10	118.25	117.65
Barley	**Close**	**Previous**	**High/Low**	
Sep	103.20	102.50	103.30	102.65
Nov	106.20	105.55	106.30	105.45
Jan	109.20	108.50	109.20	108.60
Mar	111.40	110.65	111.40	
May	112.75	112.35	112.75	

Turnover: Wheat 161 (469), Barley 156 (112) lots of 100 tonnes.

POTATOES £/tonne

	Close	Previous	High/Low	
Nov	88.9	91.0	89.0	88.0
Feb	99.0	103.0	99.0	
Apr	134.1	135.2	134.8	133.0
May	145.0	144.8	142.0	

Turnover: 317 (326) lots of 100 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low	
Aug	197.00	187.00	194.50	
Oct	187.00	184.50	187.50	184.50
Dec	187.50	185.00	187.50	186.00
Feb	202.00	201.00		

Turnover: 182 (432) lots of 100 tonnes.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	436¾-437¼	257½-258
Opening	435½-436	256½-257
Morning fix	436.5	256.162
Afternoon fix	436.85	256.638
Day's high	437¾-438¼	
Day's low	435½-436	
Coins	**$ price**	**£ equivalent**
US Eagle	450-455	264½-267½
Mapleleaf	450-455	264½-267½
Britannia	450-455	264½-267½
Krugerrand	435½-438½	256-258
1/2 Krug	230-239	135⅛-140½
1/4 Krug	114-122	67-71¾
Angel	446-453	263¼-266¼
1/10 Angel	46-51	27-30
New Sov.	103-104	60½-61¼
Old Sov.	103-104½	60½-61½
Noble Plat	570.1-576.7	335.75-339.6

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	July	Sept	July	Sept
2500	155	286	1	55
2600	66	231	11	[illegible]
2700	14	181	59	[illegible]
Aluminium (99.5%)	**Calls**		**Puts**	
[illegible]	[illegible]	[illegible]	272	184
[illegible]	[illegible]	[illegible]	225	235
[illegible]	[illegible]	[illegible]	184	283
Copper (Grade A)	**Calls**		**Puts**	
[illegible]	162	200	3	125
[illegible]	78	152	20	176
[illegible]	25	113	68	235

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low	
Jly	1245.0	1210.0	1260.0	1210.0
Oct	1390.0	1351.0	1401.0	1364.0
Jan	1418.0	1375.0	1425.0	1390.0
Apr	1435.0	1405.0	1435.0	1415.0
Jul	1220.0	1202.0	1202.0	
BFI	1208.0	1208.0		

Turnover: 571 (350)

Silver fix

Silver fix	p/fine oz	US cts equiv
Spot	393.35	668.60
3 months	403.30	681.75
6 months	413.80	693.75
12 months	434.90	725.20

US MARKETS

Indications of continued hot, dry weather over the holiday weekend, with light scattered showers in the U.S. prompted sharply higher prices in the grains and soybean complex, reports Drexel Burnham Lambert. Corn, in particular, found additional strength from reports that the U.S.S.R. had bought. Wheat, too, was strong in response to corn and continued business under the U.S. support programme. Pork bellies and hogs were both limit-down following release of the pig-crop report which revised the march inventories upwards by 1 million hogs, adding to the existing impact of heavy stocks. Cattle, after opening lower with the hogs, rallied as cash prices strengthened. The precious metals were quiet, opening higher on local buying, but easing as the U.S. dollar rallied and as commission house and light trade selling emerged. Copper was lower on trade selling and fund liquidation which touched-off commission house stops. Energy futures fell sharply on trade, local and commission house long-liquidation ahead of the long weekend. Coffee was higher on booksquaring, cocoa eased with trade selling and commission house stops before profittaking pared losses.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jul	437.2	435.3	0	0
Aug	439.6	437.7	440.4	436.0
Sep	442.1	440.2	0	0
Oct	444.8	442.9	445.5	442.0
Dec	450.0	448.1	450.5	448.3
Feb	455.3	453.3	454.0	453.8
Apr	460.5	458.5	459.7	459.0
Jun	465.8	463.8	466.3	466.3
Aug	471.2	469.2	470.0	470.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	561.9	557.3	562.5	555.5
Oct	568.2	563.8	569.5	562.5
Jan	575.2	570.8	575.0	570.0
Apr	582.2	577.8	579.0	579.0
Jul	589.7	585.3	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jul	670.3	667.8	675.9	665.3
Aug	674.8	672.2	0	0
Sep	679.5	677.0	686.0	670.0
Dec	693.8	691.5	700.0	688.0
Jan	698.7	696.1	0	0
Mar	708.2	707.2	715.0	703.0
May	718.7	717.1	722.0	722.0
Jul	729.0	727.9	730.5	730.5
Sep	739.5	738.7	0	0
Dec	755.8	755.5	764.0	764.0

INDICES

REUTERS (Base: September 18 1931 = 100)

June 30	June 29	mnth ago	yr ago
1896.5	1910.0	1880.2	1631.4

DOW JONES (Base: December 31 1974 = 100)

Spot	137.63	135.93	133.73	128.46
Futures	141.23	136.57	136.54	126.08

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	99.40	105.00	95.85	99.00
Aug	96.40	101.50	0	0
Sep	93.40	98.00	99.10	93.30
Dec	88.70	91.00	91.80	88.50
Jan	87.10	89.00	0	0
Mar	83.90	85.00	84.50	84.00
May	82.10	83.00	83.20	82.50
Jul	80.60	81.40	80.50	80.50
Sep	78.40	79.50	79.50	79.50
Dec	78.15	79.25	80.50	79.50

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Aug	15.17	15.16	15.44	15.15
Sep	15.29	15.32	15.58	15.28
Oct	15.40	15.45	15.70	15.40
Nov	15.51	15.57	15.82	15.51
Dec	15.61	15.68	15.95	15.58
Jan	15.78	15.75	16.00	15.75
Feb	15.80	15.80	15.80	15.80
Apr	15.90	15.88	15.96	15.90
May	15.95	15.91	16.05	15.95

HEATING OIL 42,000 US galls; cents/US galls

	Latest	Previous	High/Low	
Aug	4140	4108	4205	4140
Sep	4200	4159	4260	4200
Oct	4275	4240	4340	4275
Nov	4380	4325	4405	4380
Dec	4440	4410	4505	4445
Jan	4505	4448	4505	4485
Feb	4550	4458	4550	4500
Mar	4365	4303	4365	4360

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Jul	1536	1570	1579	1532
Sep	1585	1580	1590	1530
Dec	1580	1579	1589	1531
Mar	1595	1601	1602	1564
May	1578	1620	1622	1578
Jul	1620	1647	1641	1620
Sep	1660	1670	1658	1655
Dec	1672	0	1693	1671

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Jul	133.00	131.40	133.30	132.50
Sep	133.17	131.43	133.40	132.30
Dec	132.82	131.28	133.10	132.25
Mar	132.85	131.40	132.95	132.25
May	132.83	131.25	132.95	132.50
Jul	132.95	131.49	132.60	132.60
Sep	133.00	131.50	0	0
Dec	132.50	0	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	13.27	12.03	13.30	12.75
Jan	12.70	12.00	0	0
Mar	12.67	11.60	12.70	12.25
May	12.51	11.87	12.62	12.16
Jul	12.37	11.65	12.50	11.95
Oct	12.27	12.05	12.31	12.00

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	66.58	65.02	66.35	65.25
Dec	61.80	61.10	62.35	61.30
Mar	62.00	61.10	62.40	61.80
May	62.00	60.28	61.40	60.95
Jul	62.00	61.40	62.10	62.00

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	189.00	186.50	186.50	186.25
Sep	186.40	183.60	186.40	183.80
Nov	178.30	177.10	178.80	176.00
Jan	173.75	170.30	170.00	170.25
Mar	169.95	169.50	170.00	169.00
May	169.25	167.45	0	0
Jul	168.25	167.45	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jul	988/4	986/0	1012/0	986/0
Aug	991/4	989/4	1011/0	986/0
Sep	993/0	986/0	1010/0	989/0
Nov	985/0	971/4	997/0	980/0
Jan	979/0	958/4	988/0	974/0
Mar	972/0	955/0	978/0	968/0
May	953/0	935/4	960/0	948/0
Jul	937/0	920/0	947/0	935/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	32.75	31.40	32.75	31.70
Aug	32.95	31.67	33.00	31.80
Sep	33.05	31.87	33.05	32.15
Oct	33.05	32.05	33.10	32.40
Dec	33.12	32.15	33.15	32.40
Jan	32.85	31.85	32.90	32.40
Mar	32.45	31.57	32.65	32.00
May	31.77	31.50	32.00	31.70

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jul	293.5	293.2	302.0	293.0
Aug	291.0	291.5	299.0	290.5
Sep	287.5	287.0	295.5	287.0
Oct	286.5	286.5	294.0	285.0
Dec	285.2	284.7	293.0	285.0
Jan	282.0	280.0	289.0	281.0
Mar	279.0	276.0	284.0	278.0
May	277.0	275.0	280.0	275.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Jul	342/0	327/0	348/0	337/0
Sep	347/6	337/6	347/6	343/4
Dec	356/4	345/4	355/4	350/6
Mar	355/4	345/4	355/4	350/0
May	358/0	343/2	355/2	349/0
Jul	349/6	336/0	349/0	343/0
Sep	304/6	294/6	304/6	300/0
Dec	283/4	273/4	283/4	273/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Jul	400/4	387/0	405/0	392/4
Sep	411/0	395/4	418/0	404/0
Dec	421/4	406/0	426/0	413/0
Mar	423/4	408/0	424/0	415/0
May	413/0	398/0	418/0	407/0
Jul	386/4	375/0	395/0	380/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	64.80	64.60	64.90	63.30
Oct	65.42	65.22	65.65	63.80
Dec	68.95	68.87	69.37	67.60
Feb	71.62	71.30	71.75	70.30
Apr	74.20	73.57	74.30	72.70
Aug	72.20	71.25	72.20	70.75

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Jul	44.82	48.32	44.82	44.82
Aug	43.77	45.27	43.77	43.77
Oct	41.77	43.27	41.77	41.77
Dec	44.95	46.45	44.95	44.95
Feb	49.05	50.55	49.05	49.05
Apr	48.67	50.17	48.67	48.67

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	35.25	37.25	35.25	35.25
Aug	36.17	38.17	36.17	36.17
Feb	59.55	61.55	59.55	59.55
Mar	58.70	60.70	58.70	58.70
May	58.27	60.27	58.27	58.27
Jul	59.75	61.75	59.75	59.75

WORLD STOCK MARKETS

Wall Street

Blue chips help to trim early losses

BLUE CHIP stocks helped to trim early losses on Wall Street yesterday, but share prices were generally lower by midsession.

The market was encouraged by steady bond prices and a firm dollar, but trading before the long July 4 weekend was generally thin and quiet.

The Dow Jones Industrial Average had declined 4 to 2,137 by midsession. Falling stocks led gaining issues by about seven to five.

BankAmerica rose $⅞ to $14⅝ on expectations of strong second-quarter earnings, renewed institutional interest and positive movement on the company's Argentine and Brazilian debt interest payments.

Tokyo

Profit-taking on large-capital issues, which had been heavily bought in the morning, dragged *share prices down in Tokyo*. Investors seemed unwilling to hold on to stock for very long because of the volatility of the yen against the dollar.

The Nikkei average dropped 265.87 to 27,503.53. Volume was again large at 2.6bn shares.

The Tokyo Stock Exchange announced record volume and value of share trading for the last month. June turnover was 41.95bn shares, passing the previous monthly peak of 34.17bn in March 1987. The value of June trading was Y34,221.91bn, against Y31,516.70bn in April 1987.

Large-capital issues continued to be the main focus of activity, with interest spreading to laggardly sectors such as electric power and fisheries.

Kawasaki Steel closed up Y4 at Y714, in spite of profit-taking, which reduced morning gains. Among shipping shares, Japan Line rose Y40 to a record high of Y420.

North American closing prices were not available for reports in this edition

Frankfurt

An active day left Frankfurt share prices at a year's high, boosted by favourable company news, a strong dollar and short-position covering.

The Commerzbank 60 index gained 24.5 to a year high of 1,459.6, while the FAZ rose 6.43 to a 1988 record 479.66.

The removal of interest rate uncertainty after the rise on Thursday by the Bundesbank lifted bank stocks. Higher growth forecasts for West Germany's economy this year also assisted prices.

Deutschebank led the banking sector higher, putting on DM18.50 to DM459.50, and Dresdner moved up DM15.50 to DM269.

Australia

Demand for heavyweight resource stocks pushed Australian share prices higher as the market recouped most of Thursday's losses.

The All Ordinaries index gained 4 points to 1,558.9.

Bond Corp was the focus of attention, rising 18 cents to A$2.28 after describing its plan to merge with Bell Resources after it gains control of Bell Group.

Bell Resources slipped 2 cents to A$1.59 with 3.94m shares traded, while Bell Group, which Bond plans to merge with Bond Media, shed 1 cent to A$2.45. Bond Media rose 5 cents to 80 cents.

Singapore

A post-crash high was reached in Singapore as the Straits Times industrial index touched 1,105.41, up 12.17.

Blue chip gains were the main cause of the rise, but overall trading was mixed and declines outpaced advances by 101 to 79. Turnover shrank to 58m shares from 74m.

Activity centred on plantations, properties and marine-related stocks. Promet finished unchanged at 50.5 cents with 4.4m shares traded.

Brussels

Increases in leading Belgian interest rates tipped shares lower after an active session.

The increases of up to ½ point in short-term Treasury certificate rates and ¼ point in the discount rate on Thursday particularly depressed utilities, where relatively high yields are the main selling point. Ebes shed BFr150 to BFr4,140, Unerg BFr60 to BFr2,550 and Electrafina BFr60 to BFr7,160.

Steelmaker Cockerill was again active, with 96,000 shares exchanged. It ended BFr4 lower at BFr247.

Amsterdam

A dull session ended with Dutch share prices slightly higher as the strong dollar helped export-related companies.

Blue chip Royal Dutch was hit by a tumble in oil prices and lost Fl 2.10 to Fl 224.20.

Paris

Selected shares attracted buying interest in Paris as prices ended little changed in moderate trade.

Sentiment was supported by the strong financial performance of French companies and outlook for the economy, but a mixed opening on Wall Street curbed gains.

Volume was restricted by technical difficulties, which prevented trade in about one-third of the shares quoted on the continuous computer-based trading system. The CAC index, based on opening prices, rose 1.7 to 358.7.

Luxury goods group LVMH jumped FFr245 to FFr2,725 on speculative buying, with 144,370 shares changing hands.

Zurich

Gains on Wall Street overnight and a strong dollar supported Swiss share prices, which closed slightly firmer on moderate turnover.

Rises in interest rates by several European central banks had been expected and had no effect on the market.

The Swiss National Bank raised its Lombard rate ½ percentage point to 4½ per cent, leaving the discount rate unchanged at 2½ per cent.

Hong Kong

Moderate speculative buying helped Hong Kong stocks close firmer, but the market lacked any clear direction.

The Hang Seng index rose 13.15 to 2,684.64.

Stockholm

Activity increased towards the end of the day, boosted by rising optimism in overseas markets, and the Stockholm bourse closed higher. Turnover was SKr238m.

Speculation about a change in the ownership structure of the Wallenberg group sparked interest in SKF and Atlas Copco, where the group has major holdings. SKF restricted A-shares rose SKr30 to SKr350 after rumours of a possible takeover died down. Atlas Copco advanced SKr3 to SKr212.

NEW YORK (3 pm)

July 1	US$	+ or –
[illegible]	[illegible]	[illegible]

CANADA (3 pm)

July 1	Can. $	+ or –
[illegible]	[illegible]	[illegible]

AUSTRIA

July 1	Sch	+ or –
Creditanstalt	1,995	–5
Goesser	2,780	.....
Interunfall	9,900	.....
Jungbunzlauer	7,250	+50
Laenderbank	360	–5
Perlmooser	695	.....
Steyr-Daimler	78	.....
Veitscher Mag	620	–20

BELGIUM/LUXEMBOURG · FRANCE · GERMANY · ITALY · NETHERLANDS · NORWAY · SPAIN · SWEDEN · SWITZERLAND · SOUTH AFRICA · DENMARK · FINLAND · JAPAN · AUSTRALIA · HONG KONG · SINGAPORE

[illegible]	[illegible]	[illegible]

INDICES

NEW YORK — DOW JONES

[illegible]	[illegible]	[illegible]	[illegible]

CANADA

[illegible]	[illegible]	[illegible]

NEW YORK ACTIVE STOCKS

[illegible]	[illegible]	[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CURRENCIES AND MONEY

FOREIGN EXCHANGES

Dollar retains bullish undertone

TRADING IN currency markets yesterday was probably not the best time to take a view on movements in major currencies. The dollar remained firm, in the absence of any intervention by the the US Federal Reserve Board, but investors were a little cautious to carry exposed positions over the long weekend, preferring to wait until after Monday's holiday in the US.

The West German Bundesbank and the Bank of France were both selling dollars in European trading but the dollar retained a bullish undertone. Traders were expecting the dollar to retain its recent firmer trend but were content to wait until next week before attempting to push the US unit to new highs.

Sentiment was also influenced by reports that the Bank of Japan had intervened to sell dollars for D-Marks in Far East trading, principally on behalf of the Bundesbank.

The dollar closed at DM1.8195 against DM1.8175 and Y134.10 compared with Y133.55. Elsewhere it finished at SFr1.5130 from SFr1.5070 and FFr6.1330 against FFr6.1275. On Bank of England figures, the dollar's exchange rate index rose to 97.9 from 97.7.

Sterling finished unchanged on the day but was down from Thursday's close. Its exchange rate index on Bank of England figures closed at 75.0, unchanged from the opening, but down from 75.2 at Thursday's close.

Against the dollar it slipped to $1.7010 from $1.7080 and DM3.0950 compared with DM3.1050. It was unchanged against the yen at Y228.00 but slipped elsewhere to SFr2.5725 from SFr2.5750 and FFr10.4325 from FFr10.4650.

A further rise in UK domestic rates appeared to have only a limited supportive effect. Traders were expecting base rates to be increased at some point to 10 p.c. from the current 9½ p.c.

The D-Mark rose against the yen as traders focused their attention on the recent parity achieved on interest rates between Japanese and West German Euro-currency interest rates.

The D-Mark rose to Y73.82 from from Y73.37, having touched a record low last week of Y71.75.

£ IN NEW YORK

July 1	Latest	Previous Close
£ Spot	1.7020-1.7025	1.7100-1.7110
1 month	0.27-0.26pm	0.25-0.24pm
3 months	0.96-0.93pm	0.82-0.79pm
12 months	5.00-4.60pm	2.93-2.85pm

Forward premiums and discounts apply to the US dollar

POUND SPOT- FORWARD AGAINST THE POUND

July 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6870-1.7045	1.7005-1.7015	0.27-0.24cpm	1.80	0.93-0.88pm	2.13
Canada	2.0655-2.0775	2.0745-2.0755	0.13-0.03cpm	0.46	0.41-0.29pm	0.67
Netherlands	3.48¼-3.49½	3.48¼-3.49¼	1⅞-1⅝cpm	5.59	4⅞-4½pm	5.30
Belgium	64.65-65.05	64.75-64.85	24-12cpm	3.33	69-55pm	3.83
Denmark	11.74-11.77¾	11.76¼-11.77¼	1⅞-⅝orepm	1.15	6-4¼pm	1.78
Ireland	1.1515-1.1575	1.1520-1.1530	0.17-0.22cdis	-2.03	0.58-0.68dis	-2.19
W. Germany	3.09¼-3.10	3.09¼-3.09¾	1½-1¼pfpm	5.33	4½-4pm	5.49
Portugal	252.65-254.30	252.80-253.80	25-63cdis	-2.08	81-180dis	-2.06
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 65.25-65.35. Six-month forward dollar 1.88-1.83pm 12 month 3.25-3.15pm

STERLING INDEX

		July 1	Previous
8.30	am	75.0	75.4
9.00	am	75.0	75.4
10.00	am	75.1	75.3
11.00	am	75.1	75.3
Noon		75.0	75.3
1.00	pm	75.1	75.3
2.00	pm	75.1	75.3
3.00	pm	75.1	75.2
4.00	pm	75.0	75.2

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

July 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6870-1.7045	1.7005-1.7015	0.27-0.24cpm	1.80	0.93-0.88pm	2.13
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.35-38.45.

CURRENCY RATES

July 1	Bank rate %	Special* Drawing Rights	European Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

*All SDR rates are for June 30

EURO-CURRENCY INTEREST RATES

July 1	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 8¼-8½ per cent; three years 9-9¼ per cent; four years 9¼-9½ per cent; five years 9¼-9½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

CURRENCY MOVEMENTS

July 1	Bank of England Index	Morgan Guaranty Changes %
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100) **Rates are for June 30

OTHER CURRENCIES

July 1	£	$
[illegible]	[illegible]	[illegible]
Kuwait	0.47880-0.47930	0.28150-0.28155
Luxembourg	64.75-64.85	38.05-38.15
Malaysia	4.4390-4.4500	2.6140-2.6160
Mexico	3882.80-3888.50	2284.00-2286.00
N Zealand	2.5075-2.5150	1.4760-1.4795
Saudi Ar.	6.3785-6.3845	3.7500-3.7510
Singapore	3.4815-3.4870	2.0465-2.0485
S Af (Cm)	3.9490-3.9600	2.3260-2.3275
S Af (Fn)	5.8285-5.9305	3.4305-3.4905
Taiwan	49.50-49.75	28.85-28.95
U.A.E.	6.2465-6.2525	3.6725-3.6735

*Selling rate

EXCHANGE CROSS RATES

July 1	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	0.959	1.631	2.967	218.6	10.	2.467	3.344	2201	1.989	62.13
S Fr.	0.389	0.661	1.203	88.61	4.054	1	1.356	892.3	0.806	25.18
H Fl.	0.287	0.488	0.887	65.37	2.990	0.738	1	658.3	0.595	18.58
Lira	0.436	0.741	1.348	99.30	4.543	1.121	1.519	1000.	0.904	28.22
C $	0.482	0.820	1.492	109.9	5.027	1.240	1.681	1107	1	31.23
B Fr.	1.543	2.625	4.776	351.9	16.10	3.971	5.383	3543	3.202	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

Further pressure for rate rise

INTEREST RATES in London rose further yesterday, and finished discounting more than half a point rise in base rates.

The key three month interbank rate was higher at 10$\frac{3}{16}$-10$\frac{1}{16}$ p.c. from 9⅞-9$\frac{13}{16}$ p.c. while the one year rate rose to 10½-10$\frac{7}{16}$ p.c. compared with 10$\frac{5}{16}$-10$\frac{3}{16}$ p.c.

Traders saw little chance of a signal from the Bank of England yesterday, after a forecast of a surplus in day to day liquidity. Sterling finished the day on a weaker note and most investors were looking for an increase in base rates early next week.

Weekend interbank money was quoted at 8⅛-8 p.c. at the start and eased to 7¼ p.c. before rising to a high of 10 p.c.. Late balances were taken at 8 p.c.

The Bank of England forecast a surplus of around £150m, with factors affecting the market including bills maturing in official hands and the repayment of late assistance, together with a take up of Treasury bills draining £289m, and a rise in the note circulation of £375m. These were more than offset by Exchequer transactions which added £680m and banks' balances which added £130m. The forecast was revised to a surplus of around £100m but there was no assistance in the morning. However the authorities took out the surplus in the afternoon by selling £75m of Treasury bills at 8¼-8⅜ p.c., maturing on July 5.

The rise in base rates was reflected in the weekly Treasury bill tender where the average rate of discount rose to 9.7074 p.c. from 9.0321 p.c. The £100m of bills on offer attracted bids of £429m against £534m for a similar amount the previous week, and all bills on offer were allotted. The minimum accepted bid was £97.57 against £97.695, and bids at that level were met as to about 5 p.c. and above in full against 30 p.c. previously. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

Short term money rates were also firm in Frankfurt, as end of month technical factors kept call money around the 4.5 p.c. level. Commercial banks were anxious to repay previous borrowings made through the Lombard facility, and this tended to boost demand for short term liquidity.

UK clearing bank base lending rate
9½ per cent
from June 28

FT LONDON INTERBANK FIXING

(11.00 a.m. July 1) 3 months US dollars		6 months US Dollars	
bid 7¼	offer 7⅜	bid 7⅝	offer 8

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9
Broker loan rate	8¾-½
Fed. funds	7.63
Fed. funds at intervention	7$\frac{9}{16}$

Treasury Bills and Bonds

One month	6.20	Three year	8.12
Two month	6.47	Four year	8.29
Three month	6.76	Five year	8.39
Six month	7.04	Seven year	8.66
One year	7.50	10-year	8.76
Two year	8.00	30-year	8.82

July 1	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	4.35-4.50	4.10-4.25	4.15-4.30	4.35-4.50	4.50-4.65	5.50
Paris	-	7¼-7⅛	7$\frac{3}{16}$-7$\frac{1}{16}$	7¼-7⅛	7⅝-7½	7.00
Zurich	1½-1⅞	3-3¼	—	3⅝-3⅞	-	-
Amsterdam	4¼-4⅜	4¼-4⅜	-	4⅜-4½	-	-
Tokyo	3.53125	3.96875	-	4.03125	-	-
Milan	10-10½	10⅞-11¼	-	10⅞-11⅛	-	-
Brussels	1.85	5$\frac{13}{16}$-6⅛	-	6⅝-6¾	-	-
Dublin	6¾-7	7⅛-7⅝	7½-7¾	7⅝-7⅞	8⅜-8¼	-

LONDON MONEY RATES

July 1	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON STOCK EXCHANGE

Quiet close to equity trading Account

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Jun 20	Jun 30	Jul 1	Jul 11
Jul 4	Jul 14	Jul 15	Jul 25
Jul 18	Jul 28	Jul 29	Aug 8

*New time dealings may take place from 9.00 am two business days earlier.

THE UK securities markets looked somewhat subdued at the end of a trading week which has brought its fair share of excitement. The two week equity market Account ended quietly, but there was a flurry of interest as the new Account opened at 3.30pm with professional traders alert to bid rumours. Bonds also brightened at the end of a very slack trading session.

The equity sector opened firmly but was stopped in its tracks when a US securities house completed a minor "sell" programme – reportedly of only £80m – of which a part had been transacted at the close of the previous day.

The early gain in The FT-SE index was trimmed, but the Footsie remained in plus territory virtually thoroughout the day. At the close, the FT-SE index showed a fractional net gain of 0.6 points at 1858.2.

Nevertheless, the share market seemed confident at the end of the day, and was unperturbed when the Futures contract on the FT-SE index slipped to a small discount.

The close on the FT-SE index showed a gain of 8.1 points over the two week Account, reflecting the market's response early last week to the advance on Wall Street. But London's gain was trimmed sharply this week as a record monthly deficit on UK trade in May brought a swift rise of half a point in base rates. The past week saw a net fall of 13.1 points in the FT-SE.

With London money market rates yesterday still signalling higher short term rates, bond and equity analysts remained nervous of another half point rise in base rates in the near term, despite confident comments on the UK economy on Thursday from Mr Nigel Lawson, the UK Chancellor of the Exchequer.

However, opinions on the equity market appear to have survived intact the onset of concern over inflation and domestic interest rates. Warburg Securities is sticking fast to its prediction that the stock market will close the year in the FT-SE 2000-2100 range, although analysts Nick Whitney and Ian Harwood believe that adverse US influences could bring a minor, short-term downturn.

For equities to end the year below current levels, say the Warburg analysts, Gilt yields would have to rise to 10 per cent and the equity risk premium rise sharply. The current gilt/equity yield gap of around 5.4 per cent is towards the top of the range since the October Crash, comments Warburg.

With the immediate outlook for base rates still in doubt, bonds traded very quietly, rallying from a dull trend to close a touch firmer at the end of the day. Yields remained close to 9.7 per cent at the long end, while short dated yields edged around 9.9 per cent.

Pilkington opened better, apparently after Press speculation that Mr Kerry Packer, the Australian entrepreneur, might have been building a stake in the St Helens-based glass company. The shares put on 3 to 218p before dealers confirmed that the reason for the mark-up was a successful city lunch on Thursday. Additional rumours that BTR may have disposed of its stake were quickly discounted.

Mr Michael Davies, group treasurer of Pilkington, said "We have no evidence that Mr Packer has built up any sort of stake in our company." He added that turnover of shares did not necessarily translate into buying. 4.1m shares were traded yesterday as the stock ended unchanged at 215p.

Smith & Nephew surged 7½ to 137½p in buoyant turnover of 7.5m shares. Fears that the end of Account might see profit-taking proved unfounded as the recent strong buying continued. Dealers say interest in the stock consistently takes off after midday, a sign that buy orders are coming from US investors.

Rumours that Johnson & Johnson, the US healthcare group, might be building a stake were gradually fading as analysts expressed scepticism, while a spokesman for Smith & Nephew refused to comment on the speculation. News that Swiss investors have been steady buyers of the UK company's bonds also encouraged sentiment - one dealer talked hopefully of "the next Rowntree". Analysts point to S&N's brand-name strength and dominant position in the hospital bandage supplies market as factors which might attract a bidder.

The bearish view of the oil and gas sector taken by many US houses – and another weak showing by crude oil prices, which dropped a further 25 cents a a barrel – continued to bear heavily on the leading issues.

Shell were particularly vulnerable, losing 17 to 1032p, while BP "old" dipped to 249p, before closing a net 1⅛ off at 252½p on turnover of 6.8m shares following news of the sale of a 14.38 per cent stake in the Ninian field and its interest in the Columbia field for up to £87.5m to LASMO and Ranger Oil. BP "new" lost 1⅛ to 60⅛p with 6.2m traded.

LASMO shares dropped to 447p on the news, later closing a net 7 down at 452p ,with speculators again disappointed by the absence of any bid news and by the vendor placing of 11.14m LASMO shares at 440p, carried out by Cazenove. Enterprise, in sympathy, gave up 8 to 481p, after 478p.

British Gas were out of favour and gave up 3 to 183p on turnover of 9.1m.

International stocks were generally quiet, with dealers complaining that a lack of stock was largely responsible for the day's movements. Glaxo ran into limited profit-taking and eased a penny to 990p in thin trade, while ICI gained ⅜ to £10$\frac{11}{32}$ as marketmakers chased a limited supply of stock. Rumours of a heart drug development were largely discounted.

Beecham gave up 4 to 466p and Fisons retreated 3 to 263p. BOC put on 7 to 434p in early trade before a sizeable sale pegged the rise. The strength of the dollar has boosted sentiment and 3.5m shares changed hands. Reuters rose 11 to 555p, also on currency influences.

The big–four tended to give ground led by Midland which dropped 10 to 433p in the wake of a single sale of 1.1m shares at 435p; overall turnover in Midland was 3.7m with US investment house Morgan Stanley on the offer for much of the session.

Composites fell back with Commercial Union 4 lower at 376pdespite market stories that Adsteam, which earlier in the week announced it had reduced its stake in CU by 500,000 shares, sold at 410p to shake out loose holders, had moved back in to re-purchase that amount at 380p. Adsteam are also thought to be attempting a similar move in Royal where the Australian group holds a disclosable stake.

Allied Lyons responded to news from Bell Resources in Australia by adding 8 to 429p in turnover of 5m shares. Mr Alan Bond's stated commitment to European brewing was thought to make a bid for Allied more likely.

Business in the building sector was very much low-key, but among a handful of firm features Persimmon, the York-based housebuilder, jumped 6 to 180p. McLaughlan and Harvey vraced up 14 to 307p following stake-building rumours.

Stores fared well as the market waited for one of the specualtive takeover stocks to set the sector alight. Harris Queensway continued to await news from the Gulliver consortium. Guesses about the bid price converge around 175p. Harris finally settled down 3 on 166p.

Sears saw volume of 2.5m on the back of a positive broker's circular and belief that the Al Fayed brothers are unlikely just to sit on their 10 per cent holding. Rumours that an unnamed investor is building a stake would not go away and Sears eventually closed a penny better on 121p.

GUS, due to benefit to the tune of approximately £100m if the Gulliver's bid for Harris Queensway succeeds, attracted further supported and the "A" shares improved $\frac{1}{8}$ to £10⅝p. Storehouse, another talked-of bid stock, firmed 2 to 260p on turnover of 1.9m, while Courts "A" rose 10 to 225p after Thursday's promising annual results.

GEC was the most active of the big-trading electronics issues with 9.5m shares moving through the SEAQ system; the stock ended the session a penny firmer at 156p on further consideration of the preliminary results, which included a 23.7 per cent rise in the final dividend.

Racal edged up 2 to 341p on turnover of 3.4m, sustained by a number of "buy" recommendations – in particular from Hoare Govett and Citicorp Scrimgeour Vickers – in the wake of the full-year numbers and further details of the Vodafone flotation scheduled for October. A presentation on US cellular markets was given yesterday to analysts by Goldman Sachs.

British Telecom, where turnover remained high at 7.4m, edged up to 260p, still awaiting awaiting the OFTEL pricing review.

There was also good demand for Thorn EMI, up 5 at 662p after the 41 per cent profits rise announced on Thursday, Eurotherm, which jumped 12 to 375p and AB Electronic, 8 higher at 428p.

Vosper Thornycroft held claim to the number one slot in Engineerings, jumping 22 to 213p on "new-time" buying interest ahead of Tuesday's preliminary statement. There were also rumours that the company could be a target for British Aerospace. Most actively-traded stock was Rolls Royce, 2 better at 131p after press comment. Arthur Lee rose 6 further to 137p for a similar reason, while Beaufort gained 11 to 175p following news that chairman, Mr Geoffrey Crawford, had stepped down.

The merger of the Tate & Lyle agribusiness division with Booker Agriculture International via the formation of a new joint company helped sentiment in both groups. Tate & Lyle gained 13 further to 836p while Booker hardened to 410p.

Savoy "A" managed a slight rally after shareholders yesterday passed the resolution supporting the board, settling 19 higher at 905p. Trusthouse Forte ended unchanged at 255p.

The topic of conversation in the Leisure sector was TV South's acquisition of MTM, a leading US independent television production company, for £190.4m. The news came as a major surprise to the market, and explained Thursday's suspension of TVS shares at 330p. Avesco made further progress, still on the record profits, to close 5 up at 105p while Expedier Leisure, formerly Scanro, gained 7 to 133p and Molinare Visions rose 3 more on "new-time" demand to 57p.

Suter was hit by profit-taking and fell 9 to 207p, while Yale & Valor shrugged off an early fall of 10 to close 4 better at 388p. Dealers expect an announcement next week about stake developments, with Williams Holdings still favourite to declare an interest. Boots shares were unchanged at 228p after 6.5m were traded. Speculation that a stake is being accumulated continued. Rank Organisation added 11 to 735p in advance of next week's figures.

Dagenham jumped 9 to 130p in steady buying. Dealers reported vague bid rumours earlier in the week.

WPP continued to benefit as analysts upgraded the stock after presentations by company representatives over the past two days. The chairman told shareholders at the annual meeting earlier in the week that he was optimistic about trading prospects but the shares, up 28 yesterday at 627p, then made little response. DRG rose 8 to 443p, helped by stock shortages and by hopes of fresh stake building.

Among Property stocks, Caird attracted buying support to close 14 up on 228p in a thin market. The only other feature of note was again UK Land which dropped 122 to 713p due to the unwinding of recent speculative positions.

The day's only new issue, English and Overseas Properties, had a quiet debut. After opening at 163p, the stock ended at 158p against the placing price of 155p.

CoxMoore shone like a beacon in a drab Textile sector, surging 38 to 128p following the surprise announcement of agreed share exchange terms from Oakwood, the electrical engineering contractor. The latter closed 30 down at 575p.

US dollar influences drew investors to BAT Industries which in larger turnover of 2.1m shares gained 7 to 424p.

Henderson Administration rose 40 to 755p after news came in late on Thursday that Legal and General had bought a 5.33 per cent stake in the company. Dealers are unsure of the motives behind the move, but at least one marketmaker believed that Legals might acquire Henderson in their search for a fund manager of their own.

The Traded Options market had one of its quietest days for some time with only 20,042 calls and 5,263 puts exchanged, totalling 25,305 contracts. Business in FTSE-100 stocks was virtually non-existent (only 940 calls and 426 puts), while GEC, with 3,861 calls and 615 puts, and Rolls Royce, with 3,239 calls and 779 puts, were the most popular individual stocks.

FINANCIAL TIMES STOCK INDICES

	July 1	June 30	June 29	June 28	June 27	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	87.82	87.92	87.94	88.08	87.98	90.03	91.43 (18/4)	86.97 (13/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.53	97.56	97.60	97.61	97.61	97.13	98.67 (25/5)	94.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1485.1	1483.2	1479.7	1477.4	1468.1	1818.5	1496.7 (23/6)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	208.4	207.2	207.1	210.7	211.0	378.9	312.5 (7/1)	195.4 (13/5)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.51	4.52	4.53	4.49	4.53	3.17				
Earnings Yld. % (full)	11.48	11.51	11.56	11.52	11.62	7.62				
P/E Ratio (net)(*)	10.60	10.57	10.53	10.58	10.49	16.19				
SEAQ Bargains (5pm)	29,412	24,045	22,105	23,905	26,221	49,904				
Equity Turnover (£m)	-	1146.05	908.61	960.54	963.61	1711.27				
Equity Bargains	-	25,494	24,111	28,208	24,134	56,554				
Shares Traded (ml)	-	432.9	400.9	440.1	375.5	748.7				

S.E ACTIVITY

Indices	June 30	June 29
Gilt Edged Bargains	122.0	91.6
Equity Bargains	165.2	156.2
Equity Value	2316.6	1836.5
5-Day average		
Gilt Edged Bargains	116.6	117.9
Equity Bargains	168.4	174.9
Equity Value	2683.5	2841.7

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1484.6	1487.7	1485.6	1485.5	1485.4	1484.9	1485.4	1484.6

Day's High 1488.2 Day's low 1484.1

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974. * Nil=10.50.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

LONDON TRADED OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Allied Lyons (*429)	390	42	57	67	2½	6	10
	420	16	31	45	7	15	22
	460	2½	14	26	35	40	45
Brit. Airways (*152)	140	13	20	23	1½	5	8
	160	2	9	12	11½	15	19
	180	1	2½	5½	30	33	34
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Aug	Calls Nov	Calls Feb	Puts Aug	Puts Nov	Puts Feb
LASMO (*452)	390	72	88	102	3½	13	18
	420	47	65	85	9	23	32
	460	22	45	63	28	42	48
P. & O. (*583)	500	90	95	115	4	3	12
	550	42	55	80	5	18	27
	600	12	25	47	25	42	52
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

July 1 Total Contracts 25,305 Calls 20,042 Puts 5,263
FT-SE Index Calls 940 Puts 426
*Underlying security price.

Traditional Options

- First dealings June 13
- Last dealings June 24
- Last declarations Sept 15
- For Settlement Sept 24

For rate indications see end of London Share Service

Call options were taken out in BP new, Leslie Wise, M.Page, Dewey Warren, Kelt Energy, Norfolk Capital, Rex Williams, Wiggins, Dwek, Rexmore, Gibbs & Dandy "A", Chartsearch, T.Hughes, Elswick, INOCO, New England Props, and C.H.Bailey. Puts were arranged in S.Miller, Ashley Industrial and Norfolk Capital while doubles were transacted in Charles Baynes and Tuskar Resources.

NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (169).

BRITISH FUNDS (1) AMERICANS (28) CANADIANS (5) BANKS (1) BREWERS (2) BUILDINGS (8) CHEMICALS (4) STORES (7) ELECTRICALS (8) ENGINEERING (7) FOODS (4) HOTELS (1) INDUSTRIALS (22) INSURANCE (7) LEISURE (7) MOTORS (6) PAPERS (2) PROPERTY (8) SHIPPING (1) TEXTILES (1) TRUSTS (28) OILS (6) OVERSEAS TRADERS (1) PLANTATIONS (1) MINES (3) THIRD MARKET (5).

NEW LOWS (30).

BRITISH FUNDS (20) LOANS (8) BUILDINGS (1) Rockel. CHEMICALS (1) Chemoxy Int'L. ELECTRICALS (3) Microgen, Pericom, Questel. ENGINEERING (1) Cummins 7¾/94. INDUSTRIALS (5) Assoc. Nursing Servs., CCF, Colorgen Inc., Dewies (D.Y.), Hewtal Whiting. MOTORS (1) BTS. PAPERS (3) BBB Design, Fairway (London), Mill. Research. TRUSTS (8) TR Technology Stepp'd Pt., Intl. City Hldgs., Nat. Home Lns., Do. 7½pc Cv. Pf., Do.8¼pc 2005. OILS (1) Century. MINES (2) Durban Deep, Libanon. THIRD MARKET (1) Amercoeur Energy.

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ◆ Bargains done the previous day. Δ Bargain done with non-member or executed in overseas markets.

Corporation and County Stocks No. of bargains included7

Greater London Council6¾% Stk 90/92 – £89 ¼

Blackburn Corp4% Cons Deb Stk Ird – £33 (28Je88)

Leeds(City of)13½% Red Stk 2006 – £118 (28Je88)

Newcastle-Upon-Tyne(City of)11¼% Red Stk 2017 – £104¼ (24Je88)

Reading Corp3% Stk 1962(or after) – £30 (24Je88)

Salford Corp5½% Red Stk 86/88 – £97½ (27Je88)

Local Authority9½% Bds 27/7/88 – £100 (24Je88)

UK Public Boards No. of bargains included2

Agricultural Mortgage Corp PLC6¾% Deb Stk 92/94 – £85 (29Je88)
6¾% Deb Stk 85/90 – £91
7¾% Deb Stk 91/93 – £90
10¼% Deb Stk 92/95 – £97½ (28Je88)

Port of London Authority3% Port of London A Stk 29/99 – £45 (24Je88)

Foreign Stocks, Bonds, etc–(coupons payable in London) No. of bargains included34

Schroders PLC8¾% Uns Ln Stk 97/2002 – £87¾ (24Je88)

Standard Chartered PLC12¾% Suborď Uns Ln Stk 2002/07 – £107¾ (28Je88)

TSB Group PLCOrd 25p – 107 7 .382 .3825 ¾ ¾ ¾ .382 8 8 8‡ .108 ¾ .8085 ¾ 9 9 9‡ .109 10

Warburg (S.G.) Group PLC7¾% Cum Prf £1 – 107 (28Je88)

Westpac Banking CorporationNew $A1(Lon Reg) (Nil Pd–15/7/88) – 70 1 2 3 4 5

Breweries and Distilleries No. of bargains included436

Allied-Lyons PLC5½% Cum Prf £1 – 50 3 (27Je88)
7½% Cum Prf £1 – 78
6¾% Red Deb Stk 87/92 – £87
7¼% Red Deb Stk 88/93 – £88¾
11¼% Deb Stk 2009 – £110¾ ¾
7¾% Uns Ln Stk 93/98 – £88

Bass PLC4% Cum Prf £1 – 42½ ½ (28Je88)
7% Cum Prf £1 – 73¾ ¾ (27Je88)
8¾% Deb Stk 87/92 – £94 ½
7¾% Uns Ln Stk 92/97 – £87½

Bass Investments PLC8% Uns Ln Stk 85/90 – £90 (24Je88)
7¾% Uns Ln Stk 92/97 – £83¾ 5¾ (28Je88)

Boddington Group PLC9½% Cnv Uns Ln Stk 2000/05 – £170¾

Buckley's Brewery PLC5½% Cum Prf £1 – 58 (28Je88)
4½% 1st Mtg Deb Stk Red – £35 (29Je88)

Registered Housing Associations

Commercial, Industrial, etc

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

Investment Trusts

Financial Trusts, Land, etc

Insurance

Plantations

Railways

Shipping

Utilities

Water Works

Unit Trusts

Mines – Miscellaneous

Mines – South African

Oil

Property

The Third Market Appendix

Puccant Group PLCOrd 2p (Ex Div) – 35 6 6 7 8 9

Pennine Optical PLCOrd 2½p – 43½◆

Scott Pickford PLCNew Ord 10p (Fp/LA–1/7/88) – 24 (29Je88)

USM Appendix

Norfolk House Group PLCOrd 5p – 140 1 3

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Abitibi-Price £10 80 (28/6)
Acorn Securities 14015413 24½ ⅝
Amatil 410◆ A$5 673 (24/6)
America Barrick Resources Corp Com NPV £16 81
Ames Department Stores $80 (29/6)
Ampol Exploration 136
Amsterdam Rotterdam Bank FL72 25 72 50.72 65 72 70
Associated Manganese Mines of SA 566 60◆ (28/6)
Aust Foundation Inv A$1 315 (28/6)
Aust Oil & Gas 344 (28/6)
Avions Marcel Dass-Berq-Aviat FR764 (27/6)
Basic Resources 10 (29/6)
Beverly Enterprises $5 69◆6 00 (24/6)
Brascan A C$27 ⅜◆ (24/6)
Brambles Inds A$9 3271
Bukit Sembawang S$5 45◆ (29/6)
Burnett Int HK$2 177642 25369 (27/6)
Cadbury Schweppes Australia A$3 24.3 242
Cerebos Pacific S$5 44225 (29/6)
Churchill Resources A$0 139
Comdial Corp $0 93759 (27/6)
Conex Aust 3 (24/6)
Conic Investment Co $0 085◆ (29/6)
Coseka Resources $0 30◆ (29/6)
Daicel Chemical Industries Y668 14 (28/6)
Dainippon Screen Manufacturing Y1090 1100 10.30 40 (29/6)
Development Bank of Singapore A$8 5595
Devex A$0 548
Durker Exploration R10 80◆10 90◆ (29/6)
Du Pont $91⅛◆ (28/6)
Eastcourt Ord 15 (29/6)
Flow General 365 (28/6)
Free State Cons Gold Mines $7⅛.6 R27.35
Futuris Corp 10◆
Golconda Minerals A$0.281 (24/6)
Greenbushes A$1 06052
Greenvale Mining A$0 199

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Wolverhampton Racecourse 280,300 (27/6)

By Permission of the Stock Exchange Council

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

LEADERS AND LAGGARDS

Percentage changes since December 31 1987 based on Thursday June 30 1988

Property	+ 26.28
Overseas Traders	+ 22.10
Food Manufacturing	+ 20.77
Leisure	+ 20.63
Investment Trusts	+ 17.57
Contracting, Construction	+ 17.28
Telephone Networks	+ 15.67
Electronics	+ 15.35
Mining Finance	+ 14.83
Mechanical Engineering	+ 13.75
Brewers and Distillers	+ 13.75
Insurance(Brokers)	+ 13.50
Shipping & Transport	+ 13.14
Financial Group	+ 12.24
Agencies	+ 12.03
Insurance(Life)	+ 11.61
Capital Goods	+ 11.29
Conglomerates	+ 11.06
Metals & Metal Forming	+ 11.05
Insurance(Composite)	+ 10.75
All Share Index	+ 10.66
Health & Household Products	+ 10.62
Oil & Gas	+ 10.25
Other Groups	+ 10.24
500 Share Index	+ 9.85
Industrial Group	+ 9.78
Consumer Group	+ 8.70
Other Industrial Materials	+ 8.48
Banks	+ 7.21
Building Materials	+ 7.17
Motors	+ 6.83
Packaging & Paper	+ 6.65
Chemicals	+ 6.61
Merchant Banks	+ 5.57
Electricals	+ 5.12
Textiles	+ 5.00
Publishing & Printing	+ 3.19
Food Retailing	- 1.34
Stores	- 1.72
Gold Mines Index	- 31.41

RISES AND FALLS

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	17	89	7	158	319	88
Corporations, Dom. and Foreign Bonds	0	29	23	32	109	123
Industrials	422	296	857	1,877	2,107	3,863
Financial and Props	170	120	362	759	793	1,692
Oils	25	36	47	113	174	253
Plantations	2	1	10	8	9	48
Mines	58	29	104	194	306	455
Others	126	47	76	473	401	382
Totals	820	647	1,486	3,614	4,218	6,904

BANK RETURN

BANKING DEPARTMENT	Wednesday June 29 1988	Increase (+) or decrease (-) for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	77,084,608	+ 1,073,240
Bankers Deposits	1,249,951,868	+ 154,729,527
Reserve and other Accounts	2,622,539,011	- 573,523,583
	3,964,128,487	- 417,720,816
ASSETS		
Government Securities	575,239,070	- 36,059,374
Advance and other Accounts	709,351,830	- 163,194,720
Premises Equipment & other Secs	2,671,941,771	- 214,519,786
Notes	7,350,418	- 3,925,154
Coin	245,398	- 21,782
	3,964,128,487	- 417,720,816

ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	14,012,649,582	+ 113,925,154
Notes in Banking Department	7,350,418	- 3,925,154
	14,020,000,000	+ 110,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	7,578,439,686	- 81,818,233
Other Securities	6,430,545,214	+ 191,818,233
	14,020,000,000	+ 110,000,000

GUIDE TO UNIT TRUST PRICING

The data included under the *Authorised* section of the FT Unit Trust Information pages is being expanded to improve the service to readers and to conform with new legislation.

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♣ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♠ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that prices are set on a historic basis. This means that, unless there has been an intervening portfolio revaluation, investors can normally buy and sell units today at the prices appearing in the newspaper which have been set on the basis of yesterday's asset value.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes are contained in the last column of the FT Unit Trust Information pages.

FT UNIT TRUST INFORMATION SERVICE

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Target Trust Mngrs Ltd (1600)H						
Target Hse, Gatehouse Rd, Aylesbury Bks 0296 394000						
American Eagle	5	64 84	64 84	69 41	-0 09	1 19
Australia	5	8 071	8 071	8 618	-0 28	0 10
Commodity	5	81 83	81 83	88 09	-0 74	1 02
Convertible	5	151 1	151 1	162 6	-3 6	2 38
Equity	5	147 5	147 5	158 5	-2 5	3 10
Euro Spec Sits	5	79 27	79 27	85 26	-0 16	1 27
Financial	5	31 84	31 84	34 22	-0 02	3 84
Global Opps Inc	5	57 93	58 29	62 68	-0 32	1 38
Global Opps Acc	5	57 93	58 29	62 68	-0 32	1 38
Gold Income	5	55 56	55 56	59 63	+0 93	0 83
Gold Acc	5	102 3	102 3	109 8	+1 6	0 83
Income	5	106 8	106 8	114 8	-1 5	4 70
Japan	5	118 7	118 7	127 5	-0 4	0 10
Pacific Income	5	113 8	114 2	122 6	-1 8	0 86
Pacific Re Inv	5	141 2	141 6	152 0	-2 1	0 86
Preference Share	5	24 40	24 60	26 44	-0 36	6 91
Special Sits	5	102 7	102 7	110 4	+1 5	0 58
Technology	5	43 18	43 18	46 4	-3 0	0 10
UK Capital	5	92 83	91 83	98 79	-1 55	1 24
World Income	5	51 38	51 38	55 04	-0 56	5 15
Worldwide Capital	5	146 6	147 2	158 3	-0 9	1 13
Equity Exempt	5	111 6	111 6	118 9	-	1 53
Equity Exempt Acc	5	212 7	212 7	226 4	-	1 53
Templeton Investment Mngmt						
20 Copthall Avenue, EC2R 7PA 01-588 6064						
Intl Pen & Ch Ues			90 9	94.7	-1.3	-
Thornton Unit Managers Ltd (1000)F						
33 Cavendish Sq, London W1M 7HF 01-493 7262 Dealing 01-493 8545						
American Opps	5	40 96	40 96	43 52	+0.52	1 26
(Accum Units)	5	41.85	41.85	44 47	+0 07	1 26
European Opps	5	42 35	42 46	45 29	-0 21	1 04
(Accum Units)	5	42.59	42.69	45.54	-0 26	1.04
Far Eastern Opps	5	86 35	86 35	91 75	-0.75	0 45
(Accum Units)	5	86 61	86 61	91 02	-0 82	0.45
Golden Opps	5	35 69	35 69	37 92	+0 02	1 18
(Accum Units)	5	35 92	35.92	38 17	+0 37	1 18
Intl Hi-Yield	5	46.31	46.31	49.20	+0.30	6.00
(Accum Units)	5	46.79	46.79	49.72	+0 41	6 00
Japanese Opps	5	58.36	58 36	62.01	-0 29	0 91
(Accum Units)	5	58 36	58 36	62 01	-0 29	0 91

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Gross
AA Friendly Society				
(Investment Mngt M & G Inv Mngt Ltd)				
AA Friendly Sy Jan 10	-	139 4	-	-
Abbey Life Assurance Co Ltd				
80 Holdenhurst Road, Bournemouth 0202 292373				
Prop. Ser 1	241.7	254 5	-	-
Equity Ser 1	116 2	122 4	+0.4	-
Prop. Acc Ser 2	350.0	368.5	-	-
Equity Ser 2	131 9	138 9	+0.3	-
Selective Acc.	284 8	299.8	+0.4	-
Prop Ser 4	275 5	290 0	-	-
Equity Ser 4	133 9	141 0	+0.3	-
Fixed Int. Ser 4	209 3	220 4	-	-
Indexed Int Ser. 4	120 4	126 8	+0.1	-
American Ser 4	267 5	281 6	+4 0	-
High Inc Ser 4	376 9	396 8	-0.7	-
Japan Ser 4	275.6	290 2	+1 4	-
Man Ser 4	374 0	393 7	+0.8	-
Money Ser. 4	216.0	227.4	-	-
European Ser 4	92.7	97 6	+0.6	-
Pension Funds				
Property	464 7	489 2	-	-
Equity	953.7	1003.9	+2.2	-
Selective	303 3	319.3	+0 5	-
Managed	681 4	717.3	+1 9	-
Security	395 6	416.5	-	-
Fixed Int	233 6	245 9	+0 1	-
European	127 0	133 7	+1 9	-
American	221 8	233 5	+4.6	-
Japan	294 6	310.2	-1.8	-
Indexed	127 6	134 4	+0.2	-
International	146.0	153 7	+0.2	-
Ethical	101 8	107.2	+0.6	-
High Income	100 5	105.8	-0 5	-
Abtrust Management Ltd				
20, Chiswell St, London EC1Y 4TY 01-374 6801				
Managed Growth	302 74	318 68	-	-
Managed Income	134 91	142 02	-	-
AEtna Life Insurance Co Ltd				

OTHER UK UNIT TRUSTS

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

	Bid Price	Offer Price	+ or -	Yield Gross
Pioneer Mutual Insurance Co Ltd				
16 Crosby Rd, N Waterloo Liverpool 051-928 6655				
Managed Fund	269 1	283 3		-
Man Pens Inc & Cap Fds.	344 7	362 9		-
Money Fund	112 9	118 9		-
Pens Mngd Fd (Init)	90 1	94 9		-
Pens Mngd Fd (Acc)	103 2	108 7		-
Pens FT30 Fd (Init)	129 0	135 8		-
Pens FT30 Fd (Acc)	147 8	155 6		-
Pens O'seas MgFd Init	59 8	63 0		-
Pens O'seas MgFd Acc	68 5	72 2		-
Pens Fxd Int Fd (Init)	106 2	111 8		-
Pens Fxd Int Fd (Acc)	121 7	128 2		-
Pens Deposit Fd (Init)	101 5	106 9		-
Pens Deposit Fd (Acc)	116 3	122 5		-
Premium Life Assurance Co Ltd				
37-39 Perrymount Road Haywards Heath 0444 458721				
American	102 0	108 0	-1 0	-
Building Soc Fd	162 0	171 0	-1 0	-
Balanced	244 0	257 0	-1 0	-
Deposit	161 0	170 0		-
European	128 0	135 0		-
GT Managed	153 0	162 0		-
Gartmore Mngd	103 0	109 0	-1 0	-
German	92 0	97 0	-1 0	-
Gilt	167 0	176 0		-
High Inc	114 0	120 0	-2 0	-
International Equity	157 0	166 0	-1 0	-
Japan	219 0	231 0		-
Managed	55 0	58 0		-
Property	258 0	272 0	-2 0	-
R W Imperial Gold	132 0	139 0	-1 0	-
UK Equity	321 0	338 0		-
Pension Funds				
American	128 0	135 0	-7 0	-
Building Soc Fd	153 0	162 0		-
Balanced	188 0	198 0	-1 0	-
Deposit	151 0	159 0		-
European	125 0	132 0	-1 0	-
GT Managed	164 0	173 0	-1 0	-
Gartmore Mngd	99 0	105 0		-
German	87 0	92 0	-1 0	-
Gilt	141 0	149 0	-2 0	-
International Equity	117 0	124 0	-2 0	-
Japan	130 0	137 0	-1 0	-
Managed	55 0	58 0		-
Property	196 0	207 0	-2 0	-
UK Equity	281 0	296 0		-
Prolific Life & Pensions Ltd (z)				
Stramongate Kendall, Cumbria LA9 4BE 0539 33733				
Balanced Gwth Mngd.	519 2	547 2	(z)	-
Cash Fd	217 6	229 3	(z)	-
Property Fund	258 9	272 9	(z)	-

	Bid Price	Offer Price	+ or -	Yield Gross
Prudential Assurance Co				
Holborn Bars London EC1N 2NH 01-405 9222				
Prufund				
Managed Jun 29	206 1	214 7		-
Prudential Holborn Life Ltd				
30 Old Burlington St, London W1X 1LB 01-439 3134				
Managed Fd	440 7	463 9	+0 1	-
Equity Fd	889 9	936 8	-0 4	-
Intnl Fd	311 2	327 6	+1 1	-
Fixed Int. Fd	361 7	380 8	-0 3	-
Prop Fd	331 4	348 9	+0 1	-
Cash Fd	237 6	250 2		-
Pacific Basin Fd.	174 4	183 6	-0 2	-
North American Fd	128 3	135 1	-0 9	-
European Fd	130 7	137 6	+1 2	-
Holborn Balanced Gwth Fd	102 3	107.7	+0 1	-
Holborn Strategic Gwth Fd	101 1	106.5	-0 1	-
Prudential Holborn Pensions Ltd				
30 Old Burlington St, London W1X 1LB 01-439 3134				
Managed	479 7	505 0	-0.3	-
Equity	692 5	729 0	-0 9	-
Global Equity	199 5	210 1	+0.1	-
Fixed Interest	374 3	394 1	-0 4	-
Property	324 3	341.4		-
Cash	141.2	148 7	-0 1	-
Index Linked Gilt	166 6	175 4	+0.1	-
Guaranteed	10 71			-
International Money	185 8	195 6		-
North American Fd	58 2	61.3	-0 4	-
Japanese Fund	119 9	126.3	-1.2	-
European Fund	71 0	74 8	-1.3	-
Special Situations Fd	98 7	103 9	+0 3	-
Communications Fund	85 3	89.8	+0 3	-
Smaller Cos Fund	100 3	105 6	+0 2	-
Prudential Pensions Limited				
Holborn Bars, London EC1N 2NH 01-405 9222				
Discretry June 29	£128.52	132 21		-
Equity Fund June 29	£140.29	144 53		-
Intnl Fund June 29	£21 25	21 95		-
Intl Bond Fd June 29	£10 85	10 99		-
Fixed Int June 29	£67 71	68.62		-
Index Linked June 29	£52 51	53 16		-
Property Fund Jun 29	£87 39	92.11		-
Cash Fund June 29	£18 7599	18 7599		-
Pru-Linked Retirement Plan				
Managed Fd Jun 29	321 4	334 8		-
Cash Fund Jun 29	177 0	184 4		-
Prudential Pensions Investment Account				
Pens Man Fd July 1	132 8	139 8	-0 2	-
Pens UK Eq Fd July 1	247.5	260 6	-1.2	-
Pens Itl Fd July 1	152 1	160 2	-0 1	-
Pens Fxd July 1	154 6	162 8	-0.8	-

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MANAGEMENT SERVICES

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OFFSHORE AND OVERSEAS

UK LISTED

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OFFSHORE INSURANCES

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FT UNIT TRUST INFORMATION SERVICE

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99	83⅝	Redemption 3pc 1986-96	99	+¼	3.03	6.94
100¼	99⅜	Treas. 9½pc '88	99⅞	–⅛	9.52	9.90
102¼	100⅜	Treas 11½pc 1989	100⅞	–⅛	11.39	9.85
101⅛	99⅛	Treas 9½pc Cnv 1989	99⅝	–⅛	9.52	9.72
97⅝	95⅜	Treas 3pc 1989	97⅛	.....	3.09	6.55
102⅝	100⅜	Treas 10½pc 1989	100⅝	–⅛	10.44	9.85
102	100⅛	Exch. 10pc 1989	100⅛xd	–⅛	9.98	9.86
103⅜	101⅛	Exch 11pc 1989	101⅛	–⅛	10.87	9.92
97⅜	95⅜	Treas 5pc 1986-89	96⅛	.....	5.20	8.16
104⅜	100⅝	Exch 10¼pcCv '89	100⅝	–⅛	10.18	9.63
107⅝	104⅜	Treas 13pc 1990‡‡	104⅜xd	–⅛	12.45	9.81
104¼	101⅜	Exch 11pc 1990‡‡	101⅜	–⅛	10.82	9.83
107⅛	103⅜	Exch. 12½pc 1990	104⅛	–⅛	12.01	9.84
93¾	91⅛	Treas. 3pc 1990	92⅜	+⅛	3.25	7.50
99¾	97⅜	Treas 8¼pc 1987-90‡‡	97¾	–⅛	8.42	9.43
102¼	97⅜	Treas. 8pc Cv 1990 ‡‡	97⅜xd	–⅛	8.16	9.10
103⅞	100⅜	Treas. 10pcCv 1990	100⅜	–⅛	9.98	9.86
91⅝	88⅝	Exch 2½pc 1990	89⅛	+¼	2.80	7.40
107¼	104¼	Treas 11¼pc 1991	104¼xd	–⅛	11.29	9.85
95⅜	92¼	Funding 5¾pc '87-91‡‡	93⅛	+⅛	6.17	8.60
90⅜	87⅜	Treas. 3pc 1991	88⅛	+⅛	3.39	7.49
105⅜	100¾	Treas 10pc Cv '91 ‡‡	100¾xd	–⅛	9.91	9.66
107⅞	103⅛	Exch. 11pc 1991	103⅛	–⅛	10.66	9.83
98⅜	95	Treas. 8pc 1991	95	–⅛	8.42	9.74
113⅜	108⅝	Treas 12¾pc 1992‡‡	108⅝xd	–⅛	10.74	9.81
104⅜	100⅜	Treas 10pc 1992	100⅝	–⅛	9.94	9.78
98⅜	94⅜	Treas. 8pc 1992 ‡‡	94⅝	–⅛	8.45	9.70
106¼	102⅛	Treas 10½pc Cv 1992‡‡	102⅛	–⅛	10.29	9.83
86⅞	83⅜	Treas 3pc 1992	84½	–⅛	5.55	7.61
112⅜	107⅜	Exch 12¼pc '92	107⅝	–⅛	11.36	9.87
117⅜	112⅛	Exch 13½pc 1992	112⅛	–⅛	12.05	9.90
97⅞	94⅜	Treas 8¼pc 1993	94⅜	–⅛	8.74	9.76
105⅞	100⅜	Treas 10pc 1993‡‡	[illegible]	[illegible]	9.92	9.78
115⅜	110⅜	Treas 12½pc 1993‡‡	110⅜	–⅛	11.32	9.81
93⅞	89⅝	Funding 6pc 1993‡‡	90	+⅛	6.67	8.40
121⅞	115⅜	Treas 13¾pc 1993‡‡	115⅜	–⅛	11.87	9.86
101⅜	94⅞	Treas 8½pc 1994	94⅞xd	–⅛	8.97	9.74
125¼	119⅜	Treas 14½pc 1994‡‡	119⅝	–⅛	12.10	9.83
120⅜	115⅝	Exch 13½pc 1994	115⅜	–⅛	11.71	9.96
105⅜	100⅜	Treas. 10pc Ln 1994‡‡	101⅛	–⅛	9.90	9.75
116⅜	111¼	Exch. 12½pc 1994	111⅞	–⅛	11.21	9.94
101⅛	95⅜	Treas 9pc 1994‡‡	96⅝	–⅛	9.28	9.63
114⅜	109⅛	Treas 12pc 1995	109⅜xd	–⅛	10.94	9.94
83⅛	78½	Exch 3pc Gas 90-95	78¾	.....	3.81	6.96
106⅞	100⅜	Exch. 10¼pc 1995	101⅜xd	–⅛	10.06	9.88
120⅜	113⅜	Treas 12¾pc 1995‡‡	114⅜	–⅛	11.12	9.90
126⅜	119⅜	Treas 14pc '96	120½xd	–⅛	11.62	10.07
101⅜	95⅜	Treas 9pc 1992-96‡‡	96⅜	–⅛	9.31	9.61
133¾	127¼	Treas 15¼pc 1996‡‡	127⅜	–⅛	11.95	10.05
123⅛	116⅝	Exch 13¼pc 1996‡‡	117⅜	–⅛	11.28	9.98
105¼	99⅜	Conversion 10pc 1996	100⅜	–⅛	9.96	9.91
124⅜	117½	Treas 13¼pc 1997‡‡	118½xd	.....	11.18	9.97
108⅜	101½	Exch 10½pc 1997	103⅛	–⅛	10.18	9.94
98⅜	92	Treas 8¾pc 1997‡‡	93⅜	–⅛	9.32	9.77
98⅜	92½	Tr 8¾pc Ln "C" 1997 ‡‡	93⅜	–⅛	9.32	9.77
134⅜	127⅞	Exch 15pc 1997	128⅜	–⅛	11.66	10.15
104	97⅜	Exch. 9¾pc 1998	99⅛xd	–⅛	9.84	9.90
87⅜	81⅜	Treas 6¾pc 1995-98‡‡	83⅜	–⅛	8.09	9.35
140¼	132⅜	Treas. 15½pc '98‡‡	133⅜	–⅛	11.59	10.11
118⅜	111⅜	Exch. 12pc 1998	112⅛	–⅛	10.67	10.02
103⅞	96¾	Treas 9½pc 1999‡‡	98⅜xd	–⅛	9.65	9.73
120⅜	113⅛	Exch. 12¼pc 1999	114⅜	–⅛	10.71	10.01
109⅜	102⅜	Treas. 10½pc 1999	103⅜	–⅛	10.11	9.91
107⅞	100⅜	Conversion 10¼pc 1999	102⅜	–⅛	10.01	9.89
100¼	86⅜	Treas. 8½pc Ln 2000‡‡	91⅜xd	–⅛	9.24	9.66
99⅜	93⅜	Conversion 9pc 2000‡‡	95⅛	–⅛	9.46	9.70
126⅜	119	Treas. 13pc 2000	120⅜xd	–⅛	10.79	10.03
106⅜	99⅜	Treas 10pc 2001	101⅜	–⅛	9.86	9.78
129⅜	122⅜	Treas. 14pc '98-01	123⅝	–⅛	11.32	10.14
104⅝	98⅛	Conversion 9¾pc 2001	99⅜	–⅛	9.75	9.75
118⅜	111⅝	Exch. 12pc '99-02	112⅜xd	–⅛	10.66	10.04
107¼	100¼	Conversion 10pc 2002	102	–⅛	9.80	9.72
105⅛	98⅜	Treas 9¾pc 2002	100¼	–⅛	9.72	9.71
99⅞	93⅛	Exch. 9pc 2002	95⅛	–⅛	9.47	9.64
		Over Fifteen Years				
131⅜	123⅜	Treas 13¾pc 2000-03	125⅛xd	+⅛	10.97	10.07
108	100⅜	Treas 10pc 2003	102⅝	–⅛	9.74	9.66
117⅜	109⅜	Treas. 11½pc 2001-04	111½	.....	10.32	9.88
108¼	100⅜	Treas. 10pc 2004	103⅛	–⅛	9.70	9.61
59⅜	54⅝	Funding 3½pc '99-04	56⅜xd	+⅛	6.19	8.52
104⅜	97⅛	Conversion 9½pc 2004	99⅜	–⅛	9.56	9.57
104⅜	97⅛	Conversion 9½pc 2005	99⅜	–⅛	9.55	9.56
113⅛	105⅜	Exch. 10½pc 2005	107⅝	–⅛	9.74	9.56
128⅜	119⅜	Treas. 12½pc 2003-05	121½	–⅛	10.29	9.76
92⅜	85⅛	Treas. 8pc 2002-06‡‡	87⅜	–⅛	9.14	9.44
106⅜	99⅜	Conversion 9¾pc 2006	101⅝	–⅛	9.58	9.53
121⅜	113⅜	Treas. 11¾pc 2003-07	115½xd	–⅛	10.17	9.73
97⅛	89⅜	Treas 8½pc 2007 ‡‡	92⅜xd	–⅛	9.21	9.37
137⅜	128⅝	Treas. 13½pc '04-08	130¼	–⅛	10.36	9.69
101⅜	94⅛	Treas. 9pc 2008 ‡‡	96⅜	–⅛	9.30	9.35
92⅜	85	Treas 8pc 2009	87⅜	–⅛	9.10	9.31
101⅜	93¾	Conv 9pc Ln 2011 ‡‡	96⅜xd	–⅛	9.30	9.34
68¼	62⅝	Treas. 5½pc 2008-12‡‡	65⅛	+⅛	8.47	9.10
89⅛	82⅜	Treas. 7¾pc 2012-15‡‡	85⅛xd	–⅛	9.11	9.27

BRITISH FUNDS—Contd

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
130⅜	121⅛	Exch. 12pc '13-'17	124⅜	+⅛	9.60	9.39
		Undated				
44⅜	41⅜	Consols 4pc	42⅜xd	–⅛	9.37	–
39⅜	37⅛	War Loan 3½pc‡‡	37⅜	–⅛	9.23	–
57¼	48⅜	Conv. 3½pc '61 Aft.	50⅝	+⅛	6.88	–
33⅜	30⅜	Treas 3pc '66 Aft.	31⅝	–⅛	9.45	–
28⅜	26⅛	Consols 2½pc	26⅞xd	.....	9.30	–
28⅛	26⅛	Treas. 2½pc	26⅞	.....	9.30	–

Index-Linked

1988 High	Low	Stock	Price £	+ or –	(1)	(2)
121⅜	117½	Treas 2pc IL '90(84 6)	121⅜xd	.....	0.77	2.48
103⅛	99⅛	Do. 2pc '92‡‡ (97 8)	102⅜	+⅛	2.08	2.81
40⅛	39⅜	Do. 2pc '94 (40)●	40⅛	.....	2.53	2.97
139¼	127⅛	Do 2pc '96(67 9)	139¼	+⅛	2.85	3.19
114⅜	103⅝	Do 2½pc '01 (78.3)	113⅜	+⅛	3.61	3.85
111⅛	101⅛	Do. 2½pc '03(78 8)	110⅜	+⅛	3.69	3.90
112⅜	102½	Do. 2pc '06(69.5)	111⅜xd	+⅛	3.75	3.93
105⅜	95⅜	Do 2½pc '09(78 8)	104⅛	+⅛	3.78	3.94
109⅛	99⅜	Do. 2½pc '11(74 6)	108⅛	+⅛	3.78	3.94
90⅞	82⅛	Do. 2½pc '13(89 2)	89⅜	+⅛	3.78	3.92
98⅛	88⅜	Do. 2½pc '16(81 6)	96⅝xd	+⅛	3.75	3.89
95⅜	87⅛	Do. 2½pc '20 (83.0)	94⅛	+⅛	3.70	3.82
80⅜	73	Do 2½pc '24 ‡‡(97.7)	79⅛xd	+⅛	3.66	3.78

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for October 1987.102.9 and for May 1988:106 2

INT. BANK AND O'SEAS GOVT STERLING ISSUES

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
110⅜	103⅜	Euro Inv Bk 11pc Ln 2002	105⅛	–⅛	10.46	10.29
105⅜	98⅜	Do. 10¼pc 2004	100⅛	–⅛	10.32	10.29
120¼	112⅜	Int-Am Dev Bk 12½pc 2003	115⅛	–⅛	10.86	10.46
98⅜	91⅜	Do. 9¾pcLn 2015	93⅜	–⅛	10.40	10.44
96½	86	Mlysia 10¾pcLn 2009	95½xd	.....	11.26	11.31
109⅜	87⅜	Utd. Mexican States 16½pc 2008	109⅛xd	–⅛	15.12	15.03

CORPORATION LOANS

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
111	103½	Birmingham 13½pc 1989	103½xd	.....	13.04	9.48
115½	101⅛	Do. 11½pc 2012	104½xd	.....	11.00	11.00
94⅛	87	GLC 6¾pc 1990-92	90½	.....	7.46	10.00
130	119½	Leeds 13½pc 2006	119½	.....	11.30	11.03
34	26¼	Liverpool 3½pc Irred	33xd	.....	10.61	–
97	91	LCC 6¾pc '88-90	93½xd	.....	7.22	9.90
30½	25	Do. 3pc '20 Aft.	28	.....	10.71	–
112	100	Manchester 11½pc 2007	109½xd	.....	10.50	10.40

COMMONWEALTH & AFRICAN LOANS

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
93½	88	NZ 7¼pc 1988-92	89¼	.....	8.12	10.60
207	197	S Rhod 2½pc Non-Asstd.	206	.....	–	–
78	71½	Do. 4½pc 87-92 Asstd	77	.....	5.84	–
130	42	Zimbabwe Ann (£100pa)	45xd	.....	–	–

LOANS

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		Building Societies				
100⅛	99⅛	N'wide 9⅝pc 11 7.88	100	.....	9.63	9.66
100⅜	99⅜	Do. 10pc 1.8.88	99⅜	–⅛	10.00	10.15
100¼	100	Do 10⅛pc 22.8.88	100	–⅛	10.56	10.26
100⅜	100	Do. 10⅜pc 12.9.88	100	–⅛	10.81	10.22
100⅜	99⅜	Do. 10⅝pc 26.9.88	99⅜	–⅛	10.63	10.40
100⅜	99⅜	Do. 10⅛pc 31 10.88	99⅜	–⅛	10.20	10.34
100¼	99⅛	Do. 9¼pc 28.11.88	99⅛xd	–⅛	9.30	10.50
100⅜	99⅝	Do. 9¾pc 28.12.88	99⅝	–⅛	9.79	10.50
100⅝	99⅜	Do. 9⅞pc 23 1 89	99⅜xd	–⅛	9.85	10.55
100⅜	99⅜	Do. 9⅞pc 20.2.89	99⅜	–⅛	9.98	10.60
100⅛	99⅜	Do 9⅝pc 13 3 89	99⅜	–⅛	9.75	10.60
100⅛	98⅜	Do. 9⅛pc 17 4.89	98⅜	–⅛	9.29	10.67
100⅛	99	Do. 9½pc 8.5.89	99	–⅛	9.60	10.69
100	87⅛	Do. 3⅞pcIL Ln 2021	91⅜xd	.....	4.62	4.77
		Public Board and Ind.				
96	90	Agric. Mt. 5pc '59-89	95xd	.....	5.26	8.51
48½	40	Met. Wtr. 3pc 'B'	47	.....	7.14	10.97
		Financial				
105	101¼	3i 11¾pc Un Ln '90	101⅝	–⅛	11.56	10.55
95½	88	Do 7¼pcADb89-92	90¼xd	–⅛	7.99	9.82
110	105¼	Do. 12½pc Un. Ln. 1992	105¼	–⅛	11.88	10.69
93½	88¾	Do. 7¼pc A 1991-94	88⅞	.....	8.16	9.64
101¼	91⅞	Do. 9pc A 1991-94	96½	–⅛	9.36	9.83
100	93⅝	Do. 8¾pc Ln 1992-97	93⅜xd	–⅛	9.48	9.97

FOREIGN BONDS & RAILS

1988 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
45	33	Greek 7pc Ass.	45	..	3 50	17.78
45	33	Do 6pc 28 Stb Ass.	45		3	16 67
45	33	Do 4pc Mixed Ass	45xd		2	14 44
75	63	Hung. '24 Ass.	75	.....	2 75	13.67
140⅜	128⅜	Hydro Quebec 15pc 2011	133⅜	–⅛	15 00	10 94
128⅜	118⅜	Iceland 14½pc Ln 2016	125⅛	–⅛	14 50	11 47
101¼	96½	Ireland 9¾pc '91-96.	97½	–⅛	9 75	10 20

AMERICANS

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
29⅛	22¼	Abbott Laboratories‡	26½	+⅛	$1 20	–	2 7
649p	405p	♦Allegheny & W 1c.	440p	-15	30c	–	4.0
13⅞	862p	Amax $1	13⅛xd	+⅛	020c	–	–
31⅜	16⅞	Amdahl 5c	31¼	-⅛	20c	–	0.4
31⅝	22	Amer Cyanamid $5	31⅝	+⅛	$1 20	–	2 2
16⅜	11¼	Amer Express 60c	16⅜	+⅛	76c	–	2 8
10⅜	668p	Amer Medical Int $1	10⅛	-⅛	♦72c	–	4 1
17¼	13⅞	American T & T $1	15⅜xd	+⅛	$1 20	–	4 4
54⅛	44⅞	Ameritech $1	52⅝xd		$5 40	–	–
27¾	16⅛	Amfac‡	27¼	+⅛		–	–
18¾	15⅝	Anheuser-Busch $1	18¼xd	+⅛	60c	–	1 9
793p	360p	BankAmerica $1⅝	793p	+31		–	–
21⅜	16⅛	Bankers N Y $1	21⅜	-⅛	$1 86	–	5 0
42⅜	34⅛	Bell Atlantic $1.	42⅝xd	-1⅛	$4 08	–	5 7
25⅜	19⅜	BellSouth Corp	25⅛	-⅛	$2 36	–	5 5
14⅛	850p	♦Bethlehem Steel $8	14⅛	+⅛		–	–
13	801p	Bio-Rad Labs Inc "A"	13	-⅛		–	–
23⅜	15¼	Bowater Inc	20⅝xd	-⅛	92c	–	2 6
15⅞	11⅛	Browning-Ferris 16 6c	14⅛xd	+⅛	48c	–	1 9
13⅛	787p	Brunswick 75c	12⅝	+⅛	44c	–	2 0
27⅜	21⅝	CPC Intnl 25c	27⅛	+⅛	$1 44	–	3 1
17⅝	13¼	CSX $1	15¼	+⅛	$1 34	–	4 6
16¼	11½	CalFed Inc $1	15⅛		$1 40	–	5 2
16¼	12⅝	Campbell Soup 15c	14⅜xd	+⅛	84c	–	3.3
39⅝	31⅛	Caterpillar Inc $1	39⅝	-⅛	75c	–	1 1
17⅝	11¼	Chase Manhattan $12½	17⅛	+⅛	$2 16	–	7 2
18	11⅛	Chem Banking Corpn	18	+⅛	$2 72	–	8 9
15⅜	11	Chrysler $6¼	14⅜xd	-⅛	$1 00	–	4 1
14⅝	9⅜	Citicorp $1	14⅝	+⅛	$1 48	–	5 9
297p	168p	CityFed Fin Corp	236p	-2	4c	–	1 0
25¼	20⅞	Colgate-Palmolive $1	25⅞	+⅛	$1 48	–	3.4
17⅝	13½	Cons Freightwys 62½c.	17⅝	+⅛	98c	–	3 3
300p	134p	Contl Illinois Corp $1	294p	+9	8c	–	1 6
14p	7p	Cont Illinois Hldgs $1	7p			–	–
366p	117p	♦Corporate Data Scnce	366p	-3		–	–
506p	300p	Cullinet Sftwr 1c	586p	-15		–	–
22⅞	17⅛	Dana Corp $1	22⅝	-1	$1 52	–	3 9
15¼	10⅞	Data General	13⅞	+⅛			–
140p	44p	♦Derma-Lock Med	110p	-6		–	–
31½	24½	Dun & Bradstreet $1	28⅞	+¼	$1 74	–	3 5
49	39⅜	Eaton Corpn 50c	49xd	-1	$2 00	–	2 4
18⅛	14⅞	FPL Group 1c	17⅜	+⅛	$2 20	–	7 2
18⅜	10⅛	First Chicago $5	18⅛	+⅛	$1 50	–	4 7
31⅜	20⅜	Ford Motor $2	31⅜	-⅛	$2 40	–	4 5
28¼	20⅛	GATX 62½c	28¼xd	+⅛	$1 80	–	3 7
26⅜	20⅛	Gen. Elect 63c	25⅞	+1	$1 40	–	3 2
700p	425p	♦General Host Corp $1.	668p	+16	28c	–	2.5
25⅜	15¼	Gillette $1	23⅜	+⅛	86c	–	2 1
803p	474p	Gt Am First Svgs Bk $1	624p	+19	60c	–	5 6
17¼	13⅝	Greyhound $1½	17⅛xd	+⅛	$1 32	–	4 4
916p	654p	Hasbro Inc 50c	910p	-6	12c	–	0 8
800p	600p	Home Group $1	762pxd	+12	20c	–	1 5
42⅜	28⅜	Honeywell $1½	41¼	-1⅝	$2 10	–	3 0
22	15¼	Hospital Corp Am $1.	22xd	+⅛	72c	–	1 9
19⅛	15⅛	Houston Inds. ‡	18⅛	+⅛	$2 96	–	9 5
75⅛	55¼	IBM Corpn $1¼	75⅛xd	+1⅛	$4 40	–	3 4
20⅜	16⅛	IC Industries	18⅜xd	-⅛	96c	–	3 0
30⅜	23⅝	ITT Corpn. $1	30⅜xd	-⅛	$1 25	–	2 4
105p	40p	♦Image Storage/R Sys. 1c	75p			–	–
24⅜	17⅞	Ingersoll-Rand $2	24⅛xd	+⅛	$1 04	–	2 5
12⅛	815p	Insilco $1	13	-⅛	$1 00	–	4 9
26⅛	18⅛	Lockheed Crpn $1	26	+⅛	$1.60	–	3 6
19⅜	11½	Lone Star Inds $1.	19⅛xd	+⅛	$1 90	–	5 8
19⅜	15⅛	Louisiana Land 15c	18⅜xd	-⅛	$1 00	–	3 2
12⅞	860p	Lowe's 50c	12⅝	-⅛	44c	–	2 0
18⅜	10⅛	Manfl Hanover $7½	17⅛	-⅛	$3.28	–	10 9
15⅜	11⅜	Merrill Lynch $1	15⅛	-⅛	$1 00	–	3 7
24⅜	19⅝	Molex Inc.	22⅝	+⅛	32c	–	–
22⅜	16½	Morgan (JP) $2½	22⅜xd	-1⅛	$1 50	–	3 8
40⅛	32⅝	NYNEX $1	39⅝xd	+⅛	$4 04	–	6.0
19⅛	15	PHH	18⅞	+⅛	$1.08	–	3.4
280p	99p	♦Pacific Agr ‡	280p	+19		–	–
10⅛	757p	Pac Gas & Elect $5	932pxd	+11	$1 92	–	12.1
21⅜	16⅞	Pacificorp $3¼	21⅛		$2 64	–	7 3
17⅝	13⅜	Pacific Telesis 10c	17⅝	+⅛	$1 76	–	5 9
17½	13⅛	Pall Corp 25c	17⅛xd	+⅛	40c	–	1 4
44⅞	34½	Pennzoil 83 1/3c.	44⅞	+⅛	$2 20	–	2 9
20	11⅞	Premark Intl.	20	+⅛	32c	–	0 9
17⅝	12½	Primerica $1	16	+⅛	$1 60	–	5.9
26⅛	21⅞	Quaker Oats $5	26⅛xd	+⅛	$1 00	–	2 2
29⅝	23⅞	RJR Nabisco Inc.	28	+⅛	$1 92	–	4 0
26⅝	21	Rep NY Corpn $5	25⅛xd	-⅛	$1 20	–	2.8
12⅞	9⅛	Rockwell Intl $1	12⅛xd	-⅛	72c	–	3 4
24⅜	18⅝	Sara Lee $11/3	21⅜	+⅛	$1.20	–	3 2
23⅝	18	Southwestern Bell $1	23⅛	+⅛	$2 48	–	6 2
20⅝	11	♦Staley Continental‡.	20⅛		80c	–	2.3
33½	27⅛	Sun Co. Inc $1	32⅛xd	+⅛	$3 00	–	5 5
28⅞	22⅛	TRW Inc 62½c	28⅜	+1⅛	$1 60	–	3 3
28¼	21¼	Tenneco $5	28⅛	...	$3 04	–	6 3
28⅝	19⅜	Texaco $6.25.	27½	-⅛	♦$3.00	–	6 4

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

Bank of Ireland
36 Queen St. EC4R 1BN 01-329 4500

Bank of Scotland
38 Threadneedle St EC2P 2EH. 01 601 6746
Money Mkt Cheque Acc. 8 00 6 14 8.42 Mth

LONDON SHARE SERVICE

AMERICANS – Contd

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
58¼	43¼	Time Inc $1	56⅞xd	+⅝	$1.00	–	1.0
20⅝	15⅞	Transamerica $1	19¹³⁄₁₆xd	+½	$1.84	–	5.4
10⅞	754p	Transworld Corp $5	10⅞	–⅝	20c	–	1.1
20⅛	14½	TRINOVA Corp.	17⅝xd	–⅝	56c	–	1.9
19	15¼	USX $1	18¼	+⅜	$1.20	–	3.8
23	17⅝	Utd Technologies	22⅝xd	–⅛	$1.60	–	4.2
33¼	26⅜	US West	33¼	–1⅛	$3.52	–	6.2
21¼	16⅞	Waste Management $1	20¹¹⁄₁₆xd	+⅛	48c	–	1.3
16⅞	12⅞	Whirpool $1	16⅞	+⅝	$1.10	–	3.8
32¹⁄₁₆	18¼	Woolworth $3½	30⅞	+¼	$1.64	–	3.1

CANADIANS

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
309p	173p	ABM Gold Corp	229p	+42	–	–	–
32p	11p	Abbot Energy Corp.	26p	...	–	–	–
14¼	990p	Amer Barrick Res.	11⅞	–½	–	–	–
10p	3½p	American Lightwave	6p	–1	–	–	–
47p	18¾p	Armeno	24p	–3	–	–	–
76p	45p	Augmitto Expln	70p	–2	–	–	–
13½	10⅝	Bk. Montreal	13½	+¼	$2.00	–	7.2
676p	514p	Bk Nova Scot.	676pxd	–10	76c	–	5.5
18⅛	15¼	BCE	18xd	...	$2.44	–	6.6
716p	591p	Bow Valley	676p	–4	‡40c	–	2.9
13⅛	10½	Brascan	13	...	88c	–	3.3
328p	189p	Breakwater Res.	271p	...	10c	–	1.8
11⅝	801p	Can. Imp Bank	11⅝xd	+¼	$1.16	–	4.9
11¼	841p	Can. Pacific	11¼xd	+¼	60c	–	2.6
41½	40	Do 4pc Deb £100	40½	...	4%	–	9.9
509p	362p	Central Capital "A"	500p	–9	–	–	–
886p	288p	Cons TVX Min	434p	–12	–	–	–
295p	76p	Dambus Res	295p	...	–	–	–
603p	430p	Derlan Inds	603p	+1	11.75c	–	0.9
14⅛	984p	Echo Bay Mines	12	–⅛	14c	–	0.6
40p	26p	Energex Minerals	35p	–1	–	–	–
107p	83p	Euro-Asia Capital Ltd	99p	+3	–	–	–
382p	222p	Galactic Resources	380p	+1	–	–	–
125p	99p	Geodome Res	111p	–9	–	–	–
394p	206p	Granges Expln	259p	–4	–	–	–
16½p	8½p	Gt Pacific Res.	9½p	...	–	–	–
903p	652p	Gulf Canada	856p	–9	52c	–	3.0
11⅞	816p	Hawker Sid Can	11⅞	+⅛	$1.08	–	4.4
588p	344p	Henlys Group	458p	–39	–	–	–
957p	785p	Hudson's Bay	905p	–4	60c	–	3.2
27⅝	22⅞	Imperial Oil	26⅞	–¼	$1.80	–	3.3
19⅝	10⅛	Inco	19	–⅛	US$0.80	–	2.5
454p	312p	Intl. Corona Res	446p	–6	–	–	–
718p	462p	Inland Nat. Gas $1	579p	–5	60c	–	5.0
594p	390p	Lacana Mining Corp	579p	–5	Q15c	–	1.3
250p	150p	Madeleine Mines	212p	+3	–	–	–
189p	126p	Muscocho Expln.	186p	–2	–	–	–
187p	75p	Ntnl Business Syst.	115p	–5	–	–	–
237p	110p	Nevada Goldfields	195p	–3	–	–	–
12	787p	Rio Algom	11⅝	–⅛	$1.30	–	5.4
15½	11⅛	Royal Bk. Can.	15½	+¼	$2.08	–	6.5
274p	177p	Royex Gold Mining	271p	...	–	–	–
33½	26⅝	Seagram	33½	+½	US$1.20	–	2.1
361p	178p	Sonora Gold Corp	193p	–2	–	–	–
73p	18p	Spiral Eng	72p	+7	–	–	–
150p	35p	Taro Pure Tech Corp	142p	–2	–	–	–
15⅝	11⅞	Toronto-Dom. Bk.	15⅝	+⅛	$1.12	–	3.5
64p	14p	Trans Atlantic Res	24p	–1	–	–	–
676p	566p	Trans Can Pipe	676p	+4	68c	–	4.9
205p	127p	Varity Corp	205p	+1	8	–	–

BANKS, HP & LEASING

1988 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
214	131	ANZ $A1	218	+6	†021c	3.1	4.6	7.1
242	200	Allied Irish	242	...	065.3%	♦	5.7	♦
£12⅝	£10⅝	Algemene Fl.10	£12¼	+⅛	027%	1.9	6.3	–
73	58	Anglo Irish	65	...	019.69%	1.2	6.3	20.3
84	64	Ansbacher (H.) 1p	83	...	2.0	–	3.2	–
£40½	£24⅝	Banco de Bilbao S.A.	£37⅛	–½	067.2%	3.1	4.9	7.2
£35⅝	£27⅞	Banco de Santander	£33⅞	–½	022%	2.4	1.9	26.5
220	184	Bank Ireland IrE1	220	...	015.67%	3.3	6.0	6.8
£18½	£15	Bank Leumi	£18½	...	–	–	–	–
350	350	Bank Leumi (U.K.)	350	...	12.4	–	4.7	–
[illegible]								

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

For Accts see Paper, Printing, Advertising

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

هكذا من الأصل

LONDON SHARE SERVICE

LEISURE—Contd

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING — Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

THIRD MARKET

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.
Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ● USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ■ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.
Abbreviations: ex dividend; ex scrip issue; ex rights; ex all; ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p ... y	70	......
Craig & Rose £1 .. y	700xd	......
Finlay Pkg. 5p.... y	85	......
Holt (Jos) 25p..... y	£11⅝	......

IRISH

Nat. 9¾% 84/89..	£100½	......
9pc Cap Ln. 1996..	£98½	......
Fin. 13% 97/02	£119	......
Arnotts..............y	380	......
CPI Hldgs..........y	117	+2
Carroll Inds..........y	152xd	......
Hall (R. & H.)........	160	−5
Helton Hldgs.......y	51	+1
Irish Ropes..........y	165	......
Unidare..............y	420	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	16
BAT	36
BOC Grp.	36
BSR	8
BTR	22
Barclays	35
Beecham	42
Blue Circle	38
Boots	19
Bowaters	35
Brit. Aerospace	35
Brit. Telecom.	22
Burton Ord	21
Cadburys	32
Charter Cons	30
Comm Union	34
Courtaulds	34
FKI Babcock	12
FNFC	23
Gen Accident	85
GEC	13
Glaxo	85
Grand Met	45
GUS 'A'	95
Guardian	85
GKN	28
Hanson	12
Hawker Sidd	48
ICI	72
Jaguar	26
Ladbroke	38
Legal & Gen	25
Lex Service	33
Lloyds Bank	26
Lucas Inds	50
Marks & Spencer	17
Midland Bk	37
Morgan Grenfell	30
NEI	10
Nat West Bk	52
P & O Dfd	52
Plessey	16
Polly Peck	30
Racal Elect	32
RHM	30
Rank Org Ord	64
Reed Intnl	36
STC	24
Sears	11
TI	28
TSB	9
Tesco	14
Thorn EMI	60
Trust Houses	21
T&N	17
Unilever	42
Vickers	14
Wellcome	45
Property	
Brit Land	30
Land Securities	52
MEPC	52
Peachey	50
Oils	
Brit. Gas	15
Brit Petroleum	24
Burmah Oil	50
Charterhall	3
LASMO	40
Premier	7½
Shell	95
Ultramar	26
Mines	
Cons Gold	95
Lonrho	20
RTZ	35

A selection of Options traded is given on the London Stock Exchange Report Page

FINANCIAL TIMES

Weekend July 2/July 3 1988

Apartheid laws boost follows right-wing pressure

By Anthony Robinson in Johannesburg

THE SOUTH AFRICAN Government has bowed to white right-wing pressure by drafting changes to the Group Areas Act which would allow heavy fines and jail sentences to be imposed on those who defy residential segregation laws.

Rejecting demands for abolition of the act – one of the pillars of apartheid – the Government has instead decided to re-zone certain multi-racial inner city areas for "free settlement," but to evict and strictly toenforce segregation elsewhere.

The proposed legislation is contained in three draft bills presented at the end of the parliamentary session by Mr Chris Heunis, the Minister for Constitutional Development. They are expected to generate a major political battle when parliament re-assembles to debate them in August.

Leaders of the coloured (mixed race) Labour Party have already made clear that they will be satisfied with nothing less than total repeal of laws which led to the destruction of areas like District Six in Cape Town and the eviction, en masse, of millions of blacks.

The draft bills also drew a negative response from BP, which was hoping for the go-ahead to redevelop District Six as a multi-racial area. Mr Ian Sims, chairman of BP Southern Africa, said the draft legislation "provided more scope for confusion and negative reaction than for the positive response so desperately needed."

The Conservative Party opposed the proposal to legalise "grey areas" and cast doubt on the Government's will to enforce tougher penalties.

The liberal opposition Progressive Federal Party warned that riots would take place if people were forcibly evicted under the proposed amendments.

Background, and opposition leader resigns, Page 2

Continued from Page 1

Savoy

dead of night, to allow me and my friends to reign forever supreme. If you believe that, you'll believe anything."

Sir Hugh did concede, for the first time, that the beneficial ownership of the shares should have been disclosed in the Savoy's accounts. This was only revealed last year as a result of pressure from THF.

When the main protagonists and their advisers on both sides had had their say, a number of independent shareholders voiced their support for Sir Hugh. One said: "We are confident that whatever irregularities there may or may not have been, Sir Hugh, if he did, committed them in the interests of shareholders."

After the meeting, Mr Forte crossed the Strand to await the outcome in the Waldorf, the first hotel his father bought. When the result was announced 1½ hours later, he drew solace from the fact that some 40 per cent of the votes in the hands of independent shareholders had not been cast at all.

Bond likely to control Holmes à Court empire

BY GORDON CRAMB

MR ALAN BOND, who heads the Swan and Castlemaine XXXX lager empire, yesterday became heir apparent to the depleted corporate realm of Mr Robert Holmes à Court when two other Australasian predators withdrew.

Sir Ron Brierley and Mr Kerry Packer dropped their joint A$1bn (£461m) bid for Bell Resources and withdrew a A$77m offer made only 10 days ago for J.N. Taylor. Mr Bond was sold stakes in the two cash-rich companies, *giving his Bond Corporation Holdings* 12.8 per cent of Resources and an unspecified holding in Taylor.

With the 19.9 per cent he holds in the flagship Bell Group, bought from Mr Holmes à Court in April, Mr Bond now has interests in all three quoted companies. These were controlled until this year by the "Great Acquirer," who was forced into rapid post-crash divestments.

As well as announcing the A$1.6m Brierley-Packer deal yesterday, Mr Bond outlined plans for pairing off his stable of companies with those of Bell. If the current A$850m bid by his Bond Corporation Holdings wins him control of Bell Group, a switchback series of share deals would follow – subsuming his own companies and leaving the Bell listings intact.

Mr Holmes à Court, who retained the Bell chairmanship and a 6 per cent stake after the April deal, has said he is keen to step down from public corporate life. If his directors acquiesce, Mr Bond could complete his manoeuvres by October – at which stage Bond's debt would come down significantly from its present level of at least A$5bn, and an *estimated A$1.5bn in Bell Group* borrowings would also be eliminated through asset sales.

Until then, however, the future of several UK interests – notably a 14.9 per cent shareholding in Standard Chartered, the London-based international bank where Mr Holmes à Court is deputy chairman – have been left unresolved. Bond said yesterday it had not decided on this investment and was "unlikely to do so until the outcome of the takeover scheme is known."

Equally, Bond is not committing itself on the British property, cinema and West End theatre involvements which Bell Group largely inherited when it took over Lord Grade's former Associated Communications.

It does, however, want to keep *Bell's 31 per cent stake in Dewey* Warren, the USM quoted insurance broker which Bond said could serve as a route to expansion in financial services or property. Meanwhile, under the reshape:

- Bell Resources would shed its energy and mining assets and take over Bond Corporation to form an international brewing company, with Hong Kong property interests through Bond Corporation International. It would offer A$4 cash plus three shares in Bell Resources and one in Bell Group for every four Bond shares.
- Bell Group would bid for Bond's half-owned Bond Media in a one-for-two share swap. The result would combine Bell's West Australian publishing and radio interests with the Bond side's Channel Nine television network and, in Britain, its holding of about a fifth in TV-am.
- J.N. Taylor, which has industrial services interests, might later acquire the assets being shed by Bell Resources.

Sir Ron and Mr Packer have made at least A$25m from their 3½-month presence in Mr Holmes à Court's companies.

BP sells asset parcel for $138m

BY STEVEN BUTLER

BRITISH Petroleum yesterday sold a $138.5m (£81.5m) parcel of North Sea oil production and exploration assets to London & Scottish Marine Oil Company (Lasmo) and Ranger Oil (UK), a subsidiary of a Canadian oil company.

The deal comes at a time of mounting speculation over the fate of Lasmo. RTZ, its major shareholder with a 29.9 per cent stake, recently sold its portfolio of oil and gas interests to Elf Aquitaine of France in a £308m deal.

Mr Chris Greentree, Lasmo chief executive, yesterday confirmed that RTZ was seeking a buyer for the stake. Lasmo has a broad range of international oil and gas properties, and also has a 25 per cent share stake in *Enterprise Oil, Britain's biggest independent oil company.*

Yesterday's sale is the first big slice of assets to go under a BP corporate divestment programme that could reach $1.6bn over the next two years. BP is trying to reduce borrowing after the acquisitions of Britoil and Standard Oil last year.

Analysts said the deal, involving some 40m barrels of proved reserves in the Ninian field, was one of the cheapest in a spate of recent high-priced North Sea asset sales that has buoyed the share prices for the UK independent oil sector.

Mr Greentree said uncertainty over Lasmo's future had created a morale problem within the company. "The deal we just pulled off proves that there is someone around here managing the business."

However, Mr Greentree said RTZ considered the management of Lasmo to be as important as the underlying assets. The difficulty was in finding a buyer who took a similar view, since most potential buyers would be oil companies seeking to add assets to their portfolios or to acquire a strategic stake in Enterprise.

Yesterday's asset sale involves BP interests in three licence areas, and includes BP's 14.38 per cent share in the Ninian oilfield and the undeveloped Columba field.

A further $10m payment will become due when Government approval for development of Columba is granted. For tax reasons, development of Columba would be commercially attractive only if granted separate field status by the Department of Energy and this introduces an element of uncertainty into the asset value.

Mr Greentree said that Lasmo, which already had stakes in the licence areas, was originally the sole buyer of the assets, but that on Monday Ranger Oil elected to exercise pre-emption rights in connection with its licence interests. As a result, Lasmo will acquire 60 per cent of the assets and Ranger will acquire 40 per cent.

Lasmo's $83.1m share of the consideration is to be funded by a placement of 11.1m shares at 440p, of which RTZ would purchase 3.2m in order to maintain its percentage holding. Lasmo shares closed down 7p at 452p.

CRUDE OIL prices continued to slide sharply yesterday, with West Texas Intermediate crude falling below $15 a barrel in midday trading on the New York Mercantile Exchange for the first time since December 1987.

The Nymex has not closed at these levels since November 1986. Brent oil prices also were sharply lower, closing at $13.85 a barrel for July delivery, off 40 cents on the day.

The markets were depressed by reports that the United Arab Emirates was flaunting its production quota with the Organisation of Petroleum Exporting Countries.

Rowenta sold in $255m deal

BY RODERICK ORAM IN NEW YORK

ROWENTA, the West German maker of small up-market household appliances, has been bought by SEB Group, a French appliances concern whose brands include Tefal non-stick cookware, for $255m (£150m) in cash and debt.

The seller is Chicago Pacific, the US group which has become a major force in domestic appliances following the purchase of the Hoover vacuum cleaner group for $535m in 1985.

The deal brings a large, quick profit for Chicago Pacific, once a bankrupt railroad, which acquired Rowenta only two years ago for $75m.

Mr Harvey Kapnick, Chicago Pacific's chairman, said: "The new larger combination of SEB and Rowenta in the small appliance industry will benefit both."

Chicago Pacific said it had invested heavily in the German company, which had begun to fit well into the group. SEB, though, had made it an offer of $170m cash and assumption of $85m of debt which it could not turn down.

Chicago Pacific will report an after-tax gain from the sale of *about $50m, or about $5 a share.* The company's debt-to-equity ratio will be "markedly improved" by the transaction, it said.

Rowenta, which claims substantial European market shares in irons, coffeemakers, toasters and other equipment, was profitable on sales of about $300m last year, Chicago Pacific said.

Our Financial Staff writes: SEB Group is a leading European manufacturer of household goods and domestic appliances, with total group sales of FFr3.74bn in 1987. Of this, FFr2.03bn was in France.

Apart from non-stick cookware, it makes pressure cookers, electrical cooking appliances including fryers and food processors, domestic equipment such as irons and portable heaters, and personal care appliances.

The company is seeking to increase its international presence, especially in North America, Japan and West Germany, which collectively accounted for only 10 per cent of 1987 sales. Total net income last year rose 49 per cent to FFr184m.

Drexel says junk bonds are too risky for banks

BY RODERICK ORAM IN NEW YORK

DREXEL Burnham Lambert, the Wall Street firm which believes widows and orphans can invest safely in a diversified portfolio of junk bonds, is telling Capitol Hill that the high-yield securities are too dangerous for banks to underwrite.

Drexel, which pioneered junk bonds, has been lobbying with other members of the Securities Industry Association to persuade Congress to bar banks from underwriting corporate debt and equity issues. Congress is trying to remove most of the demarcations between investment and commercial banks.

Suggestions that only junk bond underwriting be denied to banks have been floated by some members of Congress and their staff. The so-called "junk bond carve-out" would be a coup for Drexel and other firms which have profited handsomely from the business.

Some $160bn (£94bn) of junk bonds, many used to finance takeovers and buy-outs, are outstanding. Mr Michael Milken, of Drexel, pioneered the securities in the 1980s.

Encouraged by Drexel, some savings and loan institutions, insurers and other institutional investors have become heavy buyers of junk bonds.

Drexel and the SIA argue that there are no great risks inherent in the bonds for investors if they are held in a diversified portfolio. But banks would face a different set of risks as underwriters of any corporate debt or equity. They would have to commit large sums of capital to make markets in the securities through their duration.

The firm and association say banks are ill-equipped managerially, financially and in terms of experience to handle these market risks. "Underwriters have a different perception than investors," Mr Steven Anreder, a senior Drexel official, said.

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Allied-Lyons	429	+	8
Avesco	105	+	5
BAT Inds.	424	+	7
Beauford	175	+	11
Caird	228	+	14
Courts(Furn.)A	225	+	10
CoxMoore	128	+	38
Dagenham Motors	130	+	9
DRG	443	+	8
ERF	463	+	15
Eurotherm Intl.	375	+	12
Henderson Admin.	755	+	40
Lee (A.)	137	+	6
Macarthy	225	+	8
Rank Org.	735	+	11
Smith & Nephew	137½	+	7½
Vosper Thorn.	213	+	22
WPP	627	+	28
Wolver.& Dud.	431	+	11
FALLS			
Enterprise Oil	481	−	8
LASMO	452	−	7
Macallan-Glen.	875	−	40
Midland Bank	435	−	8
Oakwood	45	−	30
Suter	207	−	9
U.K Land	713	−	122

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	26	79	Dallas †	S	26	79	Madeira	C	[illegible]	[illegible]	[illegible]			
Algiers	F	27	81	Dublin	R	17	63	Madrid	F	[illegible]	[illegible]	[illegible]			
Amsterdam	C	20	68	Dubrovnik	S	27	81	Majorca	S	[illegible]	[illegible]	[illegible]			
Athens	S	31	88	Edinburgh	C	20	68	Malaga	S	[illegible]	[illegible]	[illegible]			
Bahrain	S	35	95	Faro	S	23	73	Malta	S	[illegible]	[illegible]	[illegible]			
Barcelona	F	28	82	Florence	C	30	86	Manchester	C	[illegible]	[illegible]	[illegible]			
Belfast	C	15	59	Frankfurt	R	18	64	Melbourne	C	[illegible]	[illegible]	[illegible]			
Belgrade	S	31	88	Geneva	C	18	64	Mexico City		[illegible]	[illegible]	[illegible]			
Berlin	F	28	82	Gibraltar	S	25	77	Miami †	S	[illegible]	[illegible]	[illegible]			
Biarritz	R	15	59	Glasgow	C	15	59	Milan	F	[illegible]	[illegible]	[illegible]			
Birmingham	F	16	61	Guernsey	S	15	59	Montreal †	C	[illegible]	[illegible]	[illegible]			
Blackpool	C	16	61	Helsinki	S	25	77	Moscow	C	[illegible]	[illegible]	[illegible]			
Bombay	F	29	84	Hong Kong	F	31	88	Munich	C	[illegible]	[illegible]	[illegible]			
Bordeaux	F	20	68	Innsbruck	C	26	79	Nairobi		[illegible]	[illegible]	[illegible]			
Boulogne	C	14	57	Inverness	C	18	64	Naples	F	[illegible]	[illegible]	[illegible]			
Bristol	C	17	63	Isle of Man	F	16	61	Nassau		[illegible]	[illegible]	[illegible]			
Brussels	F	19	66	Istanbul	F	29	84	Newcastle	C	[illegible]	[illegible]	[illegible]			
Buenos Aires		–	–	Jersey	S	17	63	New Delhi	C	[illegible]	[illegible]	[illegible]			
Budapest	F	29	84	Johannesburg	C	14	57	New York †	S	[illegible]	[illegible]	[illegible]			
Cairo	S	35	95	Las Palmas	F	25	77	Nice	S	[illegible]	[illegible]	[illegible]			
Cape Town	S	16	61	Leeds	R	14	57	Nicosia	S	[illegible]	[illegible]	[illegible]			
Cardiff	C	15	59	Lisbon	C	21	70	Oporto	F	[illegible]	[illegible]	[illegible]			
Chicago †	S	16	61	Locarno	R	18	64	Oslo	F	[illegible]	[illegible]	[illegible]			
Cologne	C	21	70	London	C	17	63	Paris	C	[illegible]	[illegible]	[illegible]			
Copenhagen	F	22	72	Los Angeles †	C	18	64	Peking	R	[illegible]	[illegible]	[illegible]			
Corfu	S	32	90	Luxembourg	R	16	61	Perth	S	[illegible]	[illegible]	[illegible]			

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.

† Noon GMT temperatures

Exchange backs shift to US-style account period

By Clive Wolman

THE REPLACEMENT of the Stock Exchange's fortnightly account for settling trades with a US-style rolling period is inevitable and has the backing of most securities firms and institutional investors, according to the Stock Exchange's chairman.

Sir Nicholas Goodison said a Stock Exchange survey of member firms and outside users showed strong support for reform of the account period system. However, most respondents said the reform should be made only after the Taurus computerised and paperless settlement system was introduced in 1989-1990.

Sir Nicholas's comments coincided with the publication of his last annual report and accounts after nearly 13 years as chairman. He becomes chairman of TSB Group in January.

He said it was unclear whether the reform should be introduced in early 1990, immediately after the first stage of Taurus was implemented, or left until Taurus covered almost all listed shares.

The reform would require a purchaser of shares to hand over the cash and receive formal title about a week after a bargain had been struck, as on the New York Stock Exchange. At present, all bargains transacted within each two-week account period should be settled by the Monday 10 days after the end of the period.

Sir Nicholas said a rolling settlement period was necessary to bring the London market into line with most overseas exchanges. A shorter rolling settlement period would also reduce the risk to broking firms of an investor or counterparty defaulting on a bargain.

Some stockbrokers are opposed to reform. Mr Gavin Oldham, chief executive of Barclayshare, the private stockbroking arm of Barclays bank, championed the present system in a speech in Copenhagen on Wednesday. He said it allowed small investors to buy and sell shares within the two-week account period without *having to* hand over cash, minimising the financial and administrative complications for broker and investor.

Stock Exchange annual report and top bid advisers, Page 4

Continued from Page 1

Loans plan

face-saving statement on the way ahead over the long term is still possible from the Department of Education and Science later this month.

The current proposal would involve the introduction of a top-up loan and a freezing of the current subsistence grant to students at the present level – a Treasury proposal for a cut in the grant having been rejected.

However, the Treasury remains concerned about the initial cost of the scheme, through interest rate subsidies, and is asking how far arrangements for underwriting the loans will be borne by the Exchequer and how far by banks and building societies.

A more radical solution is being urged by some Conservative backbenchers, who are suggesting a much larger element of loans and a cut in grants. However, ministers are concerned about the possible reaction to such a plan from traditional middle-class supporters.

The Conservative leadership remembers with a shudder the big backbench rebellion of 1984, when Lord Joseph, then Education Secretary, had to reverse proposals on increasing the parental contribution to grants.

Continued from Page 1

Gorbachev

result of Mr Gorbachev's drive for glasnost, saying he believed that several newspaper editors had "used the General Secretary's speech in an uncontrolled way and backed dubious people."

The fact that Mr Yeltsin was allowed to speak was seen by reformers yesterday as a tribute to the conference's openness.

He issued a strong plea for political reforms to democratise the ruling party, saying: "Our party and society as a whole have grown mature enough to be trusted to decide such matters on their own, and perestroika only stands to gain from it."

According to Tass, he stressed that Mr Brezhnev was not the *only one to blame for the stagnation* of the past and criticised the central committee and the top party bureaucracy for "having failed to break many negative trends in the party and society."

THE LEX COLUMN

Cracks in the Opec facade

The spectacle of the oil price sliding below $14 a barrel seems to be worrying people surprisingly little. The popular view is that the weakness is temporary, and at worst means that average oil prices for the rest of the year will be nearer $15 than the $16 to $17 that seemed likely a few months ago.

This is probably the right way to respond to the recent $3 fall, but there are a couple of alarming signs which the market seems to be ignoring. When oil prices last dipped to $14 in February, producers quickly saw what was happening to their revenues, and cut output.

This time, however, the self-correcting mechanism is not yet working. Instead, the UAE is *stepping up production in blatant* defiance of its quota, tempting other Opec members to do likewise, and Saudi Arabia is handing out price discounts to all and sundry.

Demand is weak because over-production in the last few months has left stocks high; and, failing prompt action from Opec, there is only one way that prices can go.

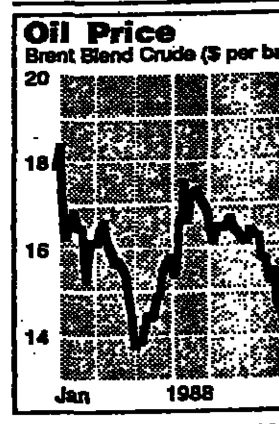
The stock market is taking an even more relaxed view of *all this* than the spot oil market; and the few pennies off oil shares were nothing, compared with the damage a falling oil price would have done a year ago.

The majors are supported by a yield of nearly 7 per cent: even on the worst view of the oil price, BP and Shell will not cut their dividends. The independents are held up by the full prices the majors seem willing to pay for them, which are defended on the grounds of a prospective rise in oil prices – to say $25 or so – by the middle of next decade.

Some may doubt whether such forecasts are sensible, as non-Opec production is rising, reserve estimates of the big fields are being revised upwards, and money is being poured into the search for oil, regardless of the low prices.

Although the majors do not change their long term price forecasts on the basis of daily price movements, even they may begin to wonder whether oil really will be almost twice yesterday's price five years from now.

FT Index rose 1.9 to 1485.1



Savoy/THF

Any shareholder who can afford *not* to sell the Savoy for the equivalent of £1m a room – the price now on offer in the market – can presumably be counted on to vote with his heart or possibly his genes, but certainly not with his pocketbook.

So it was hardly surprising to find everybody from Sir Hugh Wontner and Mr Rocco Forte, to the collection of old school ties and former chambermaids in the audience at yesterday's egm, placing the question of the independence of the Savoy on a moral plane which did not often intersect with commercial reality.

With its visions of chauffeur-driven Minis and pint-sized entrepreneurs, the event was highly entertaining, faintly ludicrous – and wholly unimportant.

The 53-47 vote will no doubt bolster the image of the Savoy board, but in the end the issue of principle on which the dispute focuses looks likely to be decided by the courts.

Eventually, the rigours of the judicial mind should determine the legality of the long-hidden 5.77 per cent stake – none too soon, as the high moral tone being adopted by both sides at the moment is getting a bit rich.

Markets

The contrast between the feverish antics on the currency and credit markets this week and the calm stability of the equity market can be read two ways.

Either equities are so solidly based they can afford to ignore rises in interest rates, or they are simply failing to take the implications of higher rates on board.

Far from being upset by volatility elsewhere, some investors are starting to commit long term money to equities, especially to the international stocks such as ICI and Jaguar, for no better reason than *that* foreign exchange traders are buying dollars.

Everyone agrees that another half point rise in UK base rates will come this week, and nearly everyone agrees that the steady upward progression will not stop at 10 per cent.

Even though the economy is not growing at such a breakneck speed as to justify rates much higher than that, it would not be at all surprising to see them overshooting for a month or two.

With the *dollar* set to go on rising, and the next economic statistics for the UK likely to feed worries about inflation, the market could well insist on further rises in rates.

So far, the strength of corporate earnings and dividends has insulated equities from such a prospect, but the shock of seeing rates at 11 or 12 per cent could well force a change of mood.

Even on fundamental grounds, the support for equities may be running out, as earnings growth is surely unsustainable at the 20 per cent seen over the last six months.

According to a recent report from Morgan Grenfell, nearly all the giddy rise in earnings over the last five years has been due to margin gains, rather than genuine growth in volume of sales. With margins now surely at their cyclical peak, further improvements are going to be increasingly hard to come by, especially given the way earnings growth has been accelerating.

SG Warburg

Those who want to know how the secretive SG Warburg really did last year doing should skip the tasteful graphics introduced for the first time to its traditionally unillustrated annual report and look to the directors' salaries.

While reported profit last year rose 18 per cent after transfers from hidden reserves, the sums paid to directors are down by almost 40 per cent. Perhaps more telling, the part of the pay tied to last year's performance has been *cut from £3m to a mere £100,000.*

Using salaries as a general guide to merchant bank profitability may have its pitfalls, though. Kleinwort Benson, actually increased its directors' pay last year – a fact that should not be taken as a sign of the relative performance of the two groups.

Perhaps it rather reflects differing expectations for the future; but that, as they say, is what makes a market.

WEEKEND FT

Weekend July 2/July 3, 1988

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

A joint Soviet and American expedition to the Red Planet would be a magnificent adventure. But would it be worth it? **Peter Marsh** reports

Journey to Mars

OUT ACROSS the red Martian plain, John could see the sun coming up, a circular disc only a fraction of the size it appeared from Earth. The weakness of its rays had meant that the solar cells the explorers brought with them on that harrowing nine-month journey from home simply had not worked; damn the calculations of those know-it-all scientists, John thought.

Think goodness, at any rate, for the miniature nuclear power plant. And to think John had flirted in his student days with joining Friends of the Universe! There was work to do, and John jerked his body into action. Gravity was only half that back home, which reduced the constraining effects of his pressure suit. He loped over to the chemical separation unit which had been rumbling away all night producing hydrogen from the water they had found locked in the permafrost deep under their feet.

Georgi was there already, muttering under his breath some choice Armenian expletives. He was struggling with a valve bleeding the hydrogen into the fuel tank of the hopper rocket which John was due to pilot the next day on an excursion to Phobos, one of Mars' two moons.

John checked his dosimeter nervously. Frank going down with leukaemia had been terrible. Of course Frank had always been a bit cavalier; it had been his own fault for ignoring the warnings about staying outside unprotected for too long with all that solar flaring and ultraviolet around.

Soon it would be time for John's weekly tele-link. He was due to chat with his Uncle Bob, the famous explorer, who was back in Houston after six months out at Lunar Base. John had never got used to talking to someone over the communications network and then waiting the 10 minutes it took for the radio waves to reach Earth. This time, however, he really would try to be more patient...

Such events, which read today like the purest fiction, may happen some time early next century when a manned mission to Mars could become a reality. That, at any rate, is how the more bullish space enthusiasts see matters. In the past couple of years, sentiment about mounting such a voyage has become strong among sections of the space community in both the US and USSR. They appear to have won over Mikhail Gorbachev, the Soviet leader, who, to judge from his comments in recent weeks, favours a joint US-Soviet Mars extravaganza to tie in with the thaw in relations between the two countries.

Ideas about sending people to Mars are far from new. They have been under discussion since the space age began in the 1950s with the launch of the first long-range rockets and the ejection of humans into orbit. During the mid-1960s, there was strong pressure in the US to follow up that country's six manned moon landings between 1969 and 1972 with a rapid "dash for Mars," but the scheme fizzled out with the ebbing of support in the 1970s for grandiose celestial ventures.

Today, the Soviet Union is supplying most of the ideas about long-range voyages into the solar system. It plans, by the end of the 1990s, a number of highly ambitious unmanned ventures to Mars, including the launch on Thursday of the first of two probes that will both survey the planet and land on Phobos (and possibly also on Deimos, Mars' second moon). The second of these probes is due to take off on July 12. These unmanned missions could well be part of a grand plan by the Soviets to put a person on Mars in the next 30 years, according to some space analysts.

Why all the interest in Mars? To start with, it is the nearest planet to Earth apart from Venus, which is ruled out for a human visit because of its unbearably high temperatures and pressure. Mars lies in an orbit some 40m miles further away from the sun than that of Earth. A human voyage to Mars, however, would probably involve a much longer journey, perhaps of some 400m miles, due to the need to travel in a parabolic arc that takes account of the gravitation of the two planets and minimises energy costs. To put this in context, the total journey would be 2,000 times the greatest distance people have ever travelled from Earth, the record being the 200,000-mile trip to the Moon.

A series of automated probes to Mars since the 1960s has shown the planet to be not all that dissimilar to Earth. It has a solid surface, suitable for wheeled vehicles or walking. It spins on its axis at about the same rate as our planet, so that the length of days are much the same as on Earth.

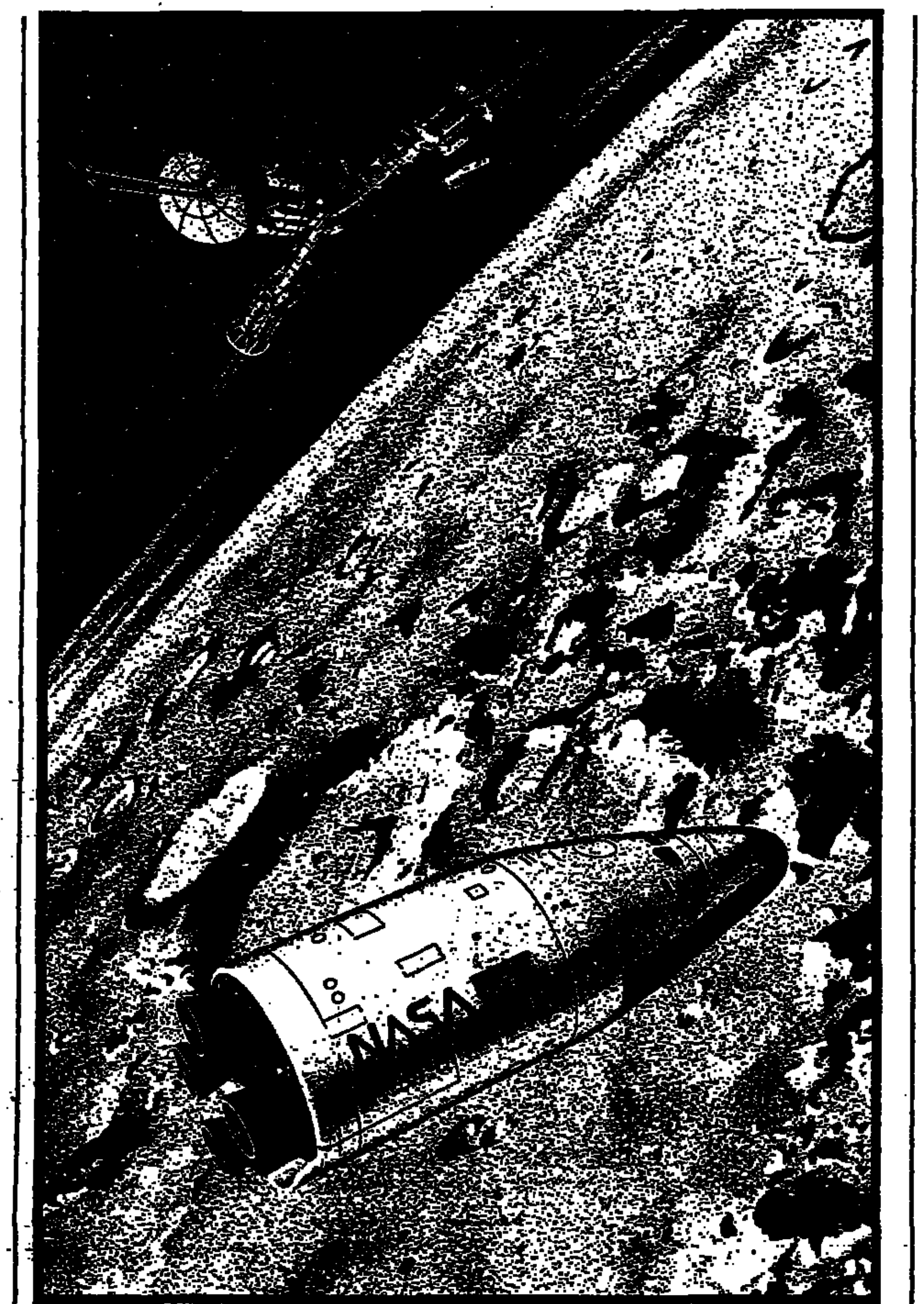
Mars has an atmosphere, of sorts, which is 100th the density of Earth's and consists almost entirely of carbon dioxide. This is unbreathable for humans, although Mars might once have supported some form of life. There is probably no liquid water on Mars but this could be locked up as ice, either deep underground or at the poles. One of the problems, apart from the lack of gases for humans to breathe, is the fierce extremes of temperature on the planet's surface. Inhabiting Mars would be rather like living in a desert, with temperatures at a typical site climbing to 30 deg C during the day but plunging to -100 deg C at night.

The thinness of the atmosphere is an advantage in one respect in that it provides little in the way of a medium for warming or cooling objects on the Martian surface. Thus, it would not be too difficult to maintain the human body at an equable temperature, such as through the use of an insulated pressure suit warmed or cooled intermittently by circulating water.

A more worrying aspect of the extreme low density of Mars' atmosphere is that protection from the sun's rays is virtually non-existent. Consequently, despite the rays' relative weakness – due to Mars being farther from the sun than our planet – humans would constantly be in danger from bursts of radiation known as solar flares, as well as from ultraviolet rays from which the Earth's ozone layer helps to shield us.

Another considerable difficulty is the length of time – nine months or so – it would take for a manned space rocket to reach Mars. It would be extremely difficult during the voyage to keep the crew, who would probably number between five and 15, in the required physical and psychological condition.

To the obvious side-effects of living in the weightless conditions of space flight, such as muscle wastage and loss of bone calcium, would have to be added the severe boredom of the journey, which could produce mental problems. By the standards of Soviet cosmonauts, who have stayed in Earth-orbiting space stations for up to 10 months, the duration of the Mars journey is not out of the question. However, in the case of the Soviet missions the people concerned are never more than about 250 miles away from rescue and sources of food and materials; the Mars voyagers, on the other hand, would be very much on their own.



Technologically, travelling to Mars would not require anything that appears impossible within the next 30 years. It would involve a rocket of perhaps 700 tonnes (10 times the mass of a US space shuttle) which would be assembled in stages in Earth orbit. This would be propelled by a conventional fuel mixture such as liquid oxygen and hydrogen, using engines only slightly more advanced than those that power the space shuttles.

The system would brake in Mars orbit, helped by the atmosphere of that planet, and eject a landing vehicle carrying a total weight of about 40 tonnes. This would parachute to the Martian surface, using technology not terribly far removed from the lunar modules used in the US's lunar landings. The voyagers would return to Earth in the same rocket.

The biggest challenge, apart from ensuring the absolute reliability of much of the rocket hardware, would be perfecting the chemical recycling systems needed to produce useful materials. These would reduce the volume of food, fuel and other material the explorers would otherwise have to take with them.

Mechanisms would be needed to manufacture water, oxygen and other substances such as hydrogen (which could be used as fuel), both from human wastes and other materials that might be found naturally on Mars. Scientists have even devised theories for creating a breathable mixture of oxygen and nitrogen from the carbon dioxide and trace gases that constitute the Martian atmosphere.

The first Mars visitors would live in great discomfort. "I wouldn't think of Mars as a vacation spot," says Paul Keaton, a scientist at the US Government's Los Alamos National Laboratory, who has studied the idea of manned missions to the planet. The spacefarers would have to spend much of their time in burrows, protected by layers of Mars soil, to shield them from the damaging radiation. Later, they might be able to fill these burrows with an artificial atmosphere and even grow food or tend livestock inside. But for any forays outside these base camps (which probably would involve the use of motorised buggies), they would require bulky and uncomfortable space suits.

The explorers on the first mission would probably spend as long as nine months on the planet to make the cost, an estimated \$50bn for a single voyage, worth the benefits. Working out what these would be adds up to perhaps the biggest conundrum about the exercise. On the one hand, there would be the sheer human adventure of the voyage – a worthy enough gain in itself, some might argue.

Furthermore, a detailed investigation of Mars would throw up a wealth of scientific detail about the nature of the planet that could shed light on the origins of the solar system. In particular, Mars would be a paradise for geologists who would find many rock types millions of years old in a virgin, virtually unweathered state. People looking around Mars would achieve far more in the way of scientific inquiry than could be gained by even the most advanced automated craft.

Finally, some of the cost of the mission might be recouped if minerals from the Martian surface proved of industrial use in developing fuel, building materials or air to support future voyages into space.

What about the politics of going to Mars? "Everything would depend on the political climate and whether people felt determined enough to plan for a mission of this sort," says Professor Charles Townes, a Nobel prize-winning physicist at the University of California, Berkeley.

Townes says that the costs themselves are not out of the question. Set against the US's \$300bn-a-year defence budget, the price of a manned Mars trip seems small. And he goes as far as to speculate that, should the warming of superpower relations continue, the US (and the USSR, for that matter) simply might not need to spend so much on military matters, so leaving money over for space travel.

From an historical perspective, the best parallel with a Mars mission is not the earlier moon trips but the epic seafaring adventures of the early 16th century. The expedition led by Ferdinand Magellan, the Portuguese explorer, which in 1519-22 achieved the first circumnavigation of the world, is a case in point. For one thing, Magellan's journey lasted three years, about the same as a trip to Mars and back. This is in contrast to roughly a week for a return trip to the moon. Another parallel is the extreme danger. In the case of Magellan's voyage, only about 20 of the original 270 seafarers completed the journey, with the leader himself among those killed along the way.

Where the comparisons break down is not just the distances involved (a round trip of perhaps 800m miles for Mars as against 30,000 miles for Magellan). Even accounting for different perceptions about travel in the 20th century compared with those in vogue 500 years ago, this is a yawning difference. But, to some degree, Magellan and his men were able to be self-sufficient by using natural resources: the wind for power, fish for food and air for breathing. In contrast, the Mars explorers would rely on technology to furnish energy and the other requirements of life.

One further difference is that once Magellan's ships left Europe on their journey, effectively they were cut off from human contact, with both the disadvantages and advantages that this entailed. Magellan and his shipmates had no way of communicating with friends and relations. On the other hand they had no political masters to whom they had to kowtow during the journey.

The captain of a Mars voyage would be in a very different position. Even allowing for the finite time it would take radio signals, travelling at the speed of light, to reach the Mars ship from Earth, the voyagers would be monitored all the way by radio operators at mission control. Even more to the point, their every action would be investigated and discussed in detail by teams of reporters, with TV stations probably broadcasting live pictures during peak viewing.

So, the question remains. Will people within the next 30 years attempt a Mars voyage, with all its risks, high costs and indeterminable benefits? James French, a planetary scientist formerly with the US National Aeronautics and Space Administration, sees no reason why not. "Some people will argue we should wait longer, but if you carried this argument to its extreme then you would never do anything."

John Diebold, a doyen among technological forecasters in the US, who runs his own New York-based consulting company, is far more sceptical and perhaps puts the view of the majority of people. "I can think of far better things to spend the money on, in improving competitiveness in industry or in medicine. Of course, going to Mars appears intellectually and emotionally exciting, but in terms of the priorities of our times I think it's an incorrect thing to do. You also have to consider that, in the US at any rate, there is not as much political kudos in space flight as there was in the 1960s. When we were mounting the moon landings, America believed it could do anything; we don't think like that any more."

Most people probably would agree with Diebold's sentiments. In the public mind there is no single, compelling reason to mount a manned Mars voyage in the foreseeable future. Those who would argue that, in the late 20th century, mankind should take a Magellanesque approach to Mars, have the next decade or so to persuade everyone else that they are right.

The Long View

Lawson and the teenage menace

Once there was credit rationing during economic booms, such as through mortgage queues. Could the end of such constraints send interest rates soaring, asks Barry Riley

LITTLE by little is evidently the Government's motto. Nigel Lawson clearly prides himself on not resorting to the sudden interest rate hikes favoured by Chancellors gone by, and in this regard he has the great advantage of not needing to play games with the gilt-edged market. But he could eventually get to the same destination, if only by the slow route.

The attempts to cure the UK economy of the need for high interest rates appear to be failing. Clearing bank base rates reached 14 per cent in 1985 and 12½ per cent in 1986. Since then there has been a pronounced downtrend as a result of the virtually complete abandoning of monetary targets. This cavalier attitude to money growth has not so far produced the inflationary retribution that monetarists have been prophesying. But the pressures are building up.

This week's half-point rise in short-term interest rates to 9½ per cent takes us almost back to the 10 per cent to which rates were hoisted by the Bank of England last August in a move which rocked the pre-crash stock market. The Bank was then anxious to create a slow puncture in the stock market bubble, to cool down the rampant rate of monetary growth and to reduce the heady rate of house price inflation.

Pretty soon the equity market problem cured itself, and the authorities were knocked off their high interest rate strategy by, first, the need to nurse actual and potential crash victims, and later by the surge in sterling. However, one year on we could be back at 10 per cent.

That is logical enough, because the growth of broad money continues to race away at around 16 per cent a year and house price inflation has accelerated. In the economy at large, growth continues at an unhealthily rapid rate - probably faster this year than the 4 per cent or so indicated by the early GDP statistics. Inflation seems certain to break 5 per cent this year. And as the stories circulate of £500-a-week brickies, and of trains cancelled for lack of drivers, the phenomenon of overheating has arrived in its worst manifestation since 1973.

Now we have re-acquired that other problem of the 1970s: the serious balance of payments deficit. Whether it is really £1bn a month just yet must be open to doubt. Maybe like the yawning 1976 trade gap it will have been more or less excised from the records by statistical revisionists in years to come. But certainly the external balance is rapidly deteriorating.

It was all going to be so different. Remember that the UK's crises of the 1970s were supposed to have been caused by fiscal imprudence. The more recent problems of the US have also been largely blamed by Conservative policymakers on budgetary profligacy. So how can Nigel Lawson have gone wrong in achieving a budget surplus?

The Chancellor has appeared to believe, over the past three years, that if fiscal policy was under careful control monetary policy would look after itself. But the lesson of the early 1970s was that monetary freedom was dangerous. The fiscal policy of the Heath/Barber regime (as inherited from Roy Jenkins) was initially quite tight, but a monetary problem eventually turned into a fiscal one.

In the end curbs like the "corset", which was supposed to restrict the growth of bank balance sheets, put a damper on the 1970s credit explosion. But in the 1980s deregulation has been the theme once again, following the example of the Americans, who over the past ten years have dismantled interest rate restrictions and various institutional barriers. Can it be a coincidence that despite its radically different budgetary policy the UK is now following the US down the dangerous path of a slumping savings ratio, a consumer-led economic boom and a yawning trade gap?

Until 1984 the UK personal sector's savings ratio was regularly 10 per cent or above, but has subsequently halved; this week's official estimates for the first quarter of 1988 indicated a savings ratio of 5.3 per cent, a US-style level. It is much less than in other advanced economies where the figures range from 12 per cent in Germany and 18 per cent in Japan to 22 per cent in Italy.

Consumer spending has been racing away in the UK by 10.6 per cent in the first quarter, significantly faster than the growth of disposable income. Its buoyancy must reflect the borrowing binge as Britons celebrate the almost unlimited availability of credit. Where once there would have been mortgage queues, today lenders boast about how quickly they can process applications.

Bank and building society lending figures have been flashing alarm signals for many months now, reaching a combined rate of some £50bn a year. Now that the UK has moved strongly into deficit this surge of lending and spending is being partly financed by foreign money. As the strength of sterling showed this spring, they have been happy to oblige so far at prevailing interest rates - from Nigel Lawson's point of view, almost too happy.

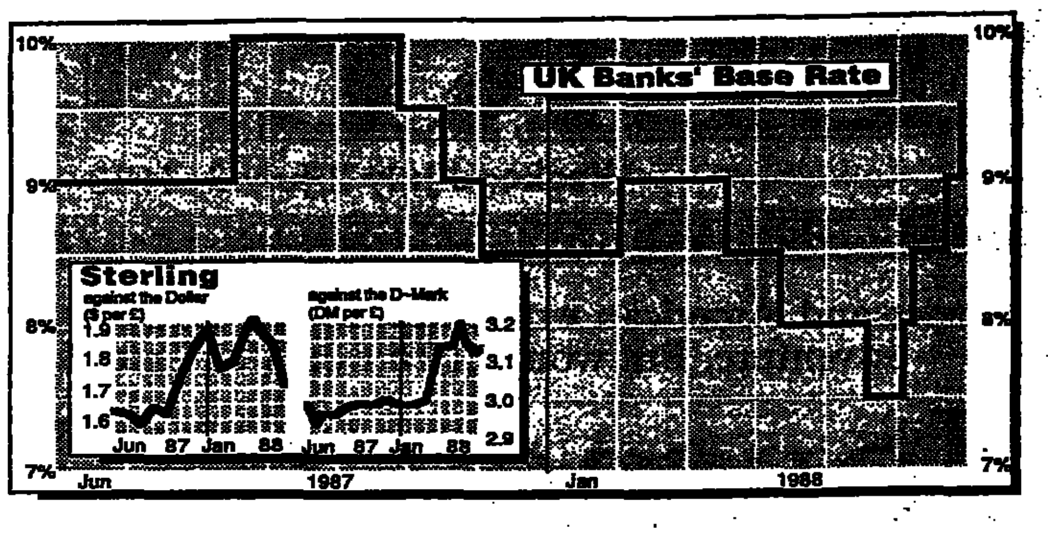
Yet at some stage the foreigners will become alarmed by the trade deficit and will demand much higher interest rates. Looking at it from the domestic point of view, too, cooling off the boom will require a sharp rise in rates given the general indifference of consumers to marginal changes. That is why City economists - branded as "teenage scribblers" by the Chancellor this week - are talking in terms of 12 per cent base rates later this year.

Well, the economists of the Bank of England, whose teenage years are now fairly distant, had some of the same anxieties a year ago. But all consistency of policy has subsequently been lost through the short-term pressures of crises in the stock market and foreign exchange market.

Of course, the excesses of unfettered credit markets are eventually self-correcting. Only with a great deal of help, however, could such an adjustment could take the form of a soft landing.

● CONTENTS ●

Inflation rears its ugly head again



AN ENGLISH SUMMER has descended on the London market. Like the weather outside, conditions at best are changeable, at worst dismal – and, in general, rather depressing.

A matter of weeks ago all eyes were on a rampant pound, with dealers wondering about the extent to which UK interest rates could be reduced without triggering inflationary forces. Today, inflation is the bogey, and the only question is how high interest rates must go to choke it off.

To external eyes, this sea change might seem further proof of the City's fickle behaviour. In fairness, however, most domestic commentators have complained about the overheating situation for months now. It has taken a series of statistics – an unwelcome (if creeping) increase in the year-on-year retail price index to 4.2 per cent; continuing evidence of high pay settlements; and, this week, some perfectly dreadful trade figures – to ram home the message to the world in general.

The trade figures hit on Monday. In sharp contrast to City forecasts of a £600m-£700m current account deficit for May, the actual figure was £1.2bn – double the expected level. This leaves the shortfall during the first five months of the year at £4.7bn, against £1.7bn for all of 1987, and makes the Budget forecast of a £4bn deficit in the present 12-month period look hopelessly optimistic. Most City pundits have reassessed their own predictions and now are aiming around the £8bn level. The gloomier spirits go for £10bn.

Inevitably, the authorities suggest that too much should not be read into one month. The City, however, was disinclined to listen. Analysts point out that extracting erratic items from the statistics still leaves a £1bn deficit. Moreover, a closer look at the figures shows the surge in imports, on the back of booming domestic demand, all too clearly. By contrast, export volumes were

London

4.6 per cent down on their admittedly high April figure; and although these figures may have recovered from their sharp dip at the start of the year, the lag behind the import swell is painfully clear.

With the pound plunging sharply against both a revitalised dollar and the D-mark on Monday, no one could claim any prizes for predicting a base rate rise. A widespread assumption that a 1 per cent increase would be the appropriate response took root, and the stock market expressed its dismay at this latest turn of events with a near-30 point fall in the FT-SE 100 share index.

The authorities, either because they do not wish to be seen to panic or because they genuinely do not believe the situation is that grave, had other ideas. On Tuesday, the Bank of England signalled an 0.5 percentage point rise to 9.5 per cent – the fourth in a month – and the high street banks took their cue. That had only a modest impact on sterling; it recovered to $1.719, compared with $1.703 on Monday night, but by Friday lunchtime had slipped back to $1.7075.

The impact was virtually nil on the steely hearts of City analysts and dealers. Despite being chastised by the Chancellor for their failure to recognise the health of the economy, and dismissed as "teenage scribblers," most remain convinced there is a further rise to come. With the full impact of the Budget tax cuts still working through, West German rates having risen, and the dollar apparently on an upward trend, the bears are convinced that a 10 per cent base rate – leading to an increase in mortgage rates – cannot be far away.

The net effect of this latest wave of economic analysis has been to leave the market in a shaky and uncertain state. On Tuesday, the smaller-than-expected base rate rise was cheered generally and Footsie recovered half the previous day's losses.

Thereafter, it was becalmed as investors waited for the interest rate clouds to clear; by Friday afternoon, it was merely bumping around the 1,860 level.

Perhaps the saddest thing to be said for these shenanigans is that they have not even generated much trading volume. Even on Monday, SEAQ showed just over 390m shares traded – the sort of sluggish level that prevailed all week.

It is scarcely surprising, then, that dealers should have returned to their favourite game of "spot the bid." On Tuesday, for example, it was Rank Hovis McDougall. The bakeries and food giant has lived with Australasian food group Goodman Fielder Wattie as a 29 per cent shareholder since the October crash but, given the carrying costs of that stake, the market is convinced – probably correctly – that GFW must move fairly soon.

Whether the company could find the resources for a full bid or whether it will sell the stake is the moot point. Last week, rumour-mongers picked on the latter option, with names like Grand Met and Allied-Lyons suggested as potential purchasers. The shares leapt 19p to 402p, only to tumble back 8p on Wednesday when it become clear that the GFW holding had not changed hands.

By then, the spotlight had turned on to Dee Corporation, the food retailer, anyway. Again, there is a "loose" holding – a 15 per cent stake which Associated British Foods became free to sell last month – and the company is scarcely the institutions' favourite stock these days. But spotting a buyer is more difficult, given the monopoly problems for any obvious candidate. Resourceful as ever, the speculators alighted on Hutchinson Whampoa – only to be stymied by a blunt denial.

Such activity – which spread in less dramatic form to the likes of Sears and Harris Queensway – smacks of desperation. True, there was a steady string of company results to divert some attention. Among the larger companies, GEC rolled out a 6 per cent profits improvement at £708m, dented by exchange rate movements but still much as the City expected.

However, Blue Arrow's quintupled interim profits – £28m before tax and taking in a £21m contribution from the US Manpower group – were treated less kindly. Whatever the underlying growth rate, the market cannot forget the potential overhang posed by County NatWest's 9.4 per cent stake, and the fact that many UK insititutions would probably like to sell into any significant strength. With full-year profits shaved from £100m to around £95m, the shares shed 18p to 107p over the week.

Nikki Tait

First, find your niche

ANYONE WHO makes a silver, triple-decker, toasted egg sandwich with a twist of bacon on top for a Texas millionaire must reckon to qualify as a niche business.

Asprey, the USM-listed Bond Street jeweller which specialises in such one-off orders – as well as the more run-of-the-mill crocodile briefcases, collapsible golden toothbrushes and silver models of mosques – this week reported profits ahead by 19 per cent to £16m, highlighting what has become a truism in the stores sector: big is boring, niche is nice.

The group had a "very, very good Christmas," said financial controller Nicholas Harrington, and fears that last October's crash would dampen demand had proved groundless.

By the very nature of the USM, stores on this market are doing rather better than their counterparts with a full listing. "On the main market, even if an individual company is doing well it tends to get dragged down if market sentiment about the sector is poor," says John Richards, stores analyst at County NatWest WoodMac. "Whereas a company on the USM is looked at separately, individually, regardless of sentiment about the sector."

For the past 27 months the stores sector has underperformed the FT-All Share substantially – by 12 per cent since the beginning of this year, in fact. But of the 14 stores established for some time on the USM, nine have shown a percentage increase in their share price since January 1, one is unchanged, and just four are down.

While acknowledging that shares in USM stocks are held more tightly, which tends to create a higher share price and rating than would otherwise be the case, investor perception clearly is that small store stocks have got a lot more going for them.

With a mature and very competitive UK retail market, to get growth you must spot new niches for which no-one is catering. Hence the phenomenal success of both the most famous stock to *leave* the USM – The Body Shop, which saw a 2,000 per cent increase in earnings from 1983 to 1987 – and one of the most

Junior Markets

famous still on it, Sock Shop, which has seen earnings rise by 3,878 per cent from 1984 to 1987.

Everyone knows the history of Sophie Mirman's Sock Shop – one-time secretary to Marks & Spencer chief Lord Sieff starts just five years ago with a good idea and one shop in London's Knightsbridge underground station. Known less well is the saga of Liverpool-based optician Miller & Santhouse.

The company was floated on the USM in the autumn of 1986 at a placing price of 105p, valuing it at £5m. The shares closed at 150p on the first day and soared to the heady heights of 700p before the crash. At the present price of 465p, the market capitalisation exceeds £27m.

Maurice Miller and Jeffrey Santhouse founded the group in 1976, starting with three practices in Liverpool. Taking advantage of the deregulation of the optical industry and a niche market in the 1980s, they had a chain of 22 shops by the time of flotation. They now have 70, from Edinburgh through the north-west, north Wales, the Midlands, Yorkshire and, most recently, three in London.

In March, the company reported a doubling of interim profits to £502,000 and a 91 per cent increase in earnings. From 1983 to 1987, earnings have increased by 1,800 per cent. The company also has decided to market its own brand range of lower-priced contact lens solutions to tap into an £80m market.

Another astonishing retail success on the USM is Colorvision, founded by Neville and Bernard Michaelson in 1964 and addressing a niche market in that the company concentrates on straight sales of televisions and video cassette recorders.

Neville Michaelson developed what has been the generator of the company's growth – its management enterprise scheme. This involved setting up a new company in which the managers of Colorvision shops acquired, for £25,000, a 20 per cent stake entitling them to 20 per cent of their shop's profits.

With this, they also became managing directors of their own shops, having total discretion over stock levels, pricing strategies and special offers, recruitment of staff and incentive schemes, advertising and level of bank borrowing.

There are now 21 managing directors running 33 outlets. The company plans to have 100 within two years and, ultimately, a nationwide chain of 350. Pre-tax profits have risen from £77,000 in 1983 to £1.6m last year.

The UK retail market is going to get worse before it gets better. Occupancy costs are hitting businesses hard. A recent survey showed that shop rents to May have risen by an annualised 40 per cent – compared with 4 per cent inflation – and the 1990 reform of the rating system will no doubt bring some nasty shocks, as the last evaluation was in 1973.

At the same time, the flood of new store openings is spreading the spending pound thinner. The position of those retailers with a miracle formula or a gem of a niche can only get stronger.

Fiona Thompson

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1988 High	1988 Low	
FT-SE Index	1858.2	-13.1	1879.3	1694.5	Record UK trade deficit
Atlantic Computers	383	+34	445	337	Inv. House "Buy" recommendations
Avesco	105	+17	105	73	Record annual profits
BPB Inds.	275	-18	310	248	Annual results below expectations
Borthwicks	72	+13	74	42	Hopes of bid from Polly Peck
Burmah Oil	540	-27	582	430	Fading bid hopes
Courts (Furn.) A	225	+46	225	158	Good annual results
CoxMoore	128	+38	128	88	Agreed bid from Oakwood
Greycoat Group	407	-22	439½	296	Good annual results
Laing Props.	500	+27	500	316	£18m property portfolio acquisition
Molinare Visions	57	+17	57	32	"New-time" demand
Pickwick	262	+30	263	175	Pearson reveals stake
Steetley	325	-23	358	285	£68m rights issue
Western Motor	578	+54	578	347	Development hopes & re-rating
Yale & Valor	386	+87	388	224	Williams Hldgs stake-building rumours

Gestetner gets Aussie boost

SOME OF THE seemingly smart takeover deals of recent months return for review next week. They are led by Monday's interims from GESTETNER, the stencil duplicating company which became one of the targets of the great Australian invasion of Britain.

Australian company AFP Investment took management control of the Gestetner copier business late in 1986, buying £14m worth of shares, taking an option on more, and "subscribing nil paid" for £115.6m of convertible loan stock. This was clearly a considerable incentive to the new Australian directors of the old British business and, until the October crash, UK investors were enthusiastic about the group.

After the crash, AFP slumped from A$4.20 at peak to 80 cents in Sydney, and the market in Gestetner cooled off as well. However, Morgan Grenfell analyst Richard Harwood, who is an old hand in the "paper imaging" business, believes that AFP represents the more respectable type of Australasian entrepreneur.

Gestetner chalked up a two-thirds rise in profits to £8.5m at

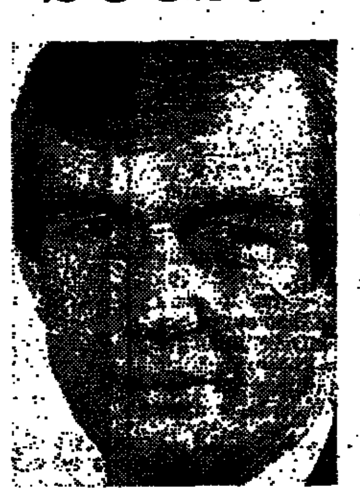
Results Due

this stage last year, but Harwood still reckons that the invaders will be able to crank it up to £13m this time on the way to a £28m total for the year. After that, it is going to need some new products to capitalise on its strong distribution network.

● They are not so sanguine about Oz at Holyrood, Edinburgh, where SCOTTISH & NEWCASTLE BREWERIES has been under pressure from takeover rumours – specifically, and recently, based on stories that the Australian-based Elders IXL had taken its holding up to 8.9 per cent.

Any predator might be taking a tiger by the tail. The company already has pointed to a growth rate of 20 per cent a year over the past six years, and Tuesday could see S & N's profits up to £115m before tax against £90.8m the year before. It is one of life's little ironies that the group's own post-acquisition gains, from Matthew Brown and Home Breweries, are part of the reason why it is doing so well.

● Tuesday also sees interims from the television, leisure and service group GRANADA which, under its new managing director Derek Lewis, gave the rest of the market a takeover lesson with a bid for Electronic Rentals last November 9 – the first big bid



Derek Lewis, managing director of Granada

since the October crash. Before the end of that month, it had clinched the deal by raising its price to £250m; then, early in May this year, it took the computer maintenance specialist DPCE in an agreed £110m deal.

It paid a high price for DPCE – in effect, a pre-crash price for a company which had lost 40 per cent of its value relative to the market since Black Monday. However, analysts took the view that if the ERG acquisition increased Granada's defensive qualities, then DPCE clearly was a bid for long-term growth.

In the short term, analysts are going for a £60m pre-tax first half compared with £46m at this time last year, and a £151m full year incorporating growth from the high-spending leisure division along with perhaps £20m of cost savings from integrating ERG in 1988-89.

● Wednesday brings full-year results from HOGG ROBINSON. This is not the insurance broking half, which has added "& Gardner Mountain" to its name and changed its year-end to December, but the travel, transport, property and financial services side of last year's demerger.

This slice of the group was supposed to be a prime takeover target for the TSB, which last summer mounted an ill-judged and unsuccessful bid for the pre-demerger Hogg Robinson. TSB was later told that it could come back in six months. No new bid has appeared, so the new Hogg Robinson is resting on respectable interim figures last November, a string of small acquisitions in estate agency and elsewhere, and hopes that it will come up with between £11m and £13m pre-tax for the year.

● Finally, next week also sees the results from a big management buy-out. Derek Hunt, chairman of the MFI furniture retailing group, will present figures for the unquoted company which detached itself from ASDA in a deal straddling the stock market collapse. MFI was supposed to be coming to the stock market again within three years. Its reasons for reporting to the stock exchange this week may be the subject of some interest on Thursday.

● Meanwhile, the new wave of estate agents quoted on the stock market seem to be forming a "season" of their own. Following Debenham Tewson & Chinnocks last week, FLETCHER KING is due to produce results on Monday and BAKER HARRIS SAUNDERS on Wednesday. Thursday also sees results from FITCH LOVELL and AITKEN HUME.

Derek Hunt, chairman of the MFI group

William Cochrane

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	Compounded return for taxpayers at 40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK°							
Deposit account	2.30	2.32	1.86	monthly	1	-	0-7
High interest cheque	4.50	4.59	3.67	monthly	1	1,000-4,999	0
High interest cheque	4.90	5.01	4.01	monthly	1	5,000-9,999	0
High interest cheque	5.30	5.43	4.34	monthly	1	10,000-49,999	0
High interest cheque	5.70	5.85	4.68	monthly	1	50,000 minimum	0
BUILDING SOCIETY†							
Ordinary share	3.50	3.53	2.83	half-yearly	1	1-250,000	0
High interest access	5.25	5.25	4.20	yearly	1	500 minimum	0
High interest access	5.50	5.50	4.40	yearly	1	2,000 minimum	0
High interest access	6.00	6.00	4.80	yearly	1	5,000 minimum	0
High interest access	6.25	6.25	5.00	yearly	1	10,000 minimum	0
90-day	6.25	6.35	5.08	half yearly	1	500-9,999	90
90-day	6.50	6.61	5.28	half yearly	1	10,000-24,999	90
90-day	7.00	7.12	5.69	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS							
Investment account	8.50	6.38	5.10	yearly	2	5-100,000	30
Income bonds	9.00	7.04	5.63	monthly	2	2,000-100,000	90
Deposit bond	9.00	6.75	5.40	yearly	2	100-100,000	90
33rd issue◆	7.00	7.00	7.00	not applica	3	25-1,000	8
Yearly plan	7.00	7.00	7.00	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNTS							
Schroder Wagg	5.95	6.11	4.89	monthly	1	2,500 minimum	0
Provincial Bank	6.91	7.10	5.68	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§							
3pc Treasury 1986-89	8.12	6.84	6.07	half yearly	4	-	0
8pc Treasury 1992	9.71	7.65	6.41	half yearly	4	-	0
10.25pc Exchequer 1995	9.89	7.36	5.83	half yearly	4	-	0
3pc Treasury 1990	7.45	6.66	6.19	half yearly	4	-	0
3pc Treasury 1992	7.63	6.80	6.30	half yearly	4	-	0
Index-linked 2pc1992§§	7.46	6.95	6.64	half yearly	2/4	-	0

°Lloyds Bank. †Halifax 90-day; Immediate access for balances over £5,000.◆ Special facility for extra £5,000 §Source: Phillips and Drew. §§Assumes 4.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Acre Oil	220*	221	200	369.75	British Gas
Amari	271§	269	213	85.48	Glynwed Intl.
Aronson	185*	181	165	23.6	Skandinavisk Hld
Bowes Inds.	247	239	200	39.26	Wagon Ind'l.
CASE	92§§	87	100	58.73	Gandalf Tech.
CoxMoore	136	129	90	30.40	Oakwood
Davidson Pearce	148	140	136	30.61	Bosse Massimi
De Brett (A.J)‡	35*§	35	35	2.8	Thermawear
Ellis & Goldstein	95*	113½	81	27.49	Berhartex
Essex Water Co.	900*	875	470	45.28	Lyons. des Eaux
Freshbake Foods	162*	159	124	106.79	Campbell Soups
Gee (Cecil)‡	124½	123	85	11.03	Moss Bros.
Graham Motor‡	182*	178	105	19.3	TSB Group
Irish Distillers	Ir315*	Ir352	Ir275	Ir198.07	GC & C Brands
Jersey Gen.I.T.‡	520◆§	520	468	59.49	LIT Hldgs.
LDH Group	116	114	111	9.38	Porter Chadburn
Lynton Prop.	455*§	454	427†	220.0	BAA
Rowntree	1075*	1069	752	2.55bn.	Nestle
Runciman (W.)	314§ §§	331	331	27.54	Telfos Hldgs.
Stanley (A.G.)‡	321	317	228	134.01	Ward White
Stead & Simpson	1450*	1450	1075	23.20	Clayform
Stead & S'n A N/V	151*	127	120	84.60	Clayform
Thame Holdings	66§§	63	70	15.84	Leisure Invs.
Zetters Leisure	157	158	120†	22.45	Bass

*All cash offer. ††Cash alternative. ‡Partial bid. §For capital not already held. ¶ Unconditional. **Based on 2.30 pm prices 1/7/88. †At suspension. §§Shares and cash. ◆Related to FAV to be determined. ¥Loan stock

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Alexander (Walt)	March	6,510	(5,720)	15.3	(13.5)	5.0	(4.2)
Ariel Industries	March	522	(13 L)	4.7	(-)	2.0	(-)
Asprey	March	16,030	(13,470)	21.3	(17.9)	4.7	(4.0)
Avesco	March	3,180	(1,230)	5.4	(3.3)	0.7	(0.5)
Blair George	March	1,320	(968)	45.3	(36.1)	9.0	(2.8)
BPB	March	182,300	(134,900)	28.8	(23.1)	8.5	(6.2)
Bridgend Group	Dec	310	(356 L)	2.0	(-)	0.4	(0.2)
Bulgin AF	March	712	(247)	1.6	(0.6)	0.2	(0.1)
Cadbury Ireland	Jan	4,480	(3,393)	118	(84.0)	-	(-)
Campbell & Arms	March	1,900	(1,000)	16.5	(9.9)	4.5	(3.3)
Celestion Ind	April	70	(769)	0.6	(2.4)	1.0	(1.0)
Chemoxy Int'l	March	564	(435)	18.3	(14.2)	5.7	(-)
Cohen A	Dec	3,300	(2,640)	91.2	(66.1)	14.5	(12.1)
Courts	March	8,500	(4,760)	30.8	(20.4)	5.1	(4.9)
Crosby James	March	1,740	(104)	14.3	(-)	2.0	(-)
Debenham Tewson	April	5,370	(2,900)	12.6	(7.4)	5.0	(-)
Delmar Group	March	543	(585)	5.5	(5.2)	2.3	(2.1)
Dowty Group	March	64,100	(55,700)	18.7	(16.6)	7.0	(6.2)
Geever	March	676 L	(39)	-	(-)	-	(-)
General Electric	March	708,000	(668,000)	16.9	(15.8)	6.5	(5.3)
Godwin Warren	Dec	425	(515 L)	3.3	(-)	2.2	(2.2)
Gresham House	Dec	575	(512)	10.2	(12.4)	3.5	(3.0)
Halama	April	9,080	(6,460)	9.5	(7.2)	1.6	(1.3)
Hellenic & Gen	March	1,420	(1,060)	-	(-)	-	(-)
Irish Wire	March	1,200	(825)	13.3	(10.2)	1.0	(-)
Lees John J	March	485	(416)	6.2	(6.3)	1.9	(1.5)
Lister	March	3,110	(3,260)	15.7	(17.5)	4.0	(3.0)
Marling Ind	March	5,510	(4,090)	14.1	(12.2)	3.3	(2.2)
Millward Brown	March	1,410	(1,240)	12.3	(12.5)	3.3	(3.0)
Nesco	March	211	(7)	2.6	(-)	0.5	(2.0)
North Fine Foods	March	709	(532)	8.3	(5.3)	1.2	(0.6)
North West Explo	Dec	164 L	(82 L)	-	(-)	-	(-)
Oglesby & Butler	March	671	(662)	6.5	(5.7)	1.3	(-)
Racal Electronic	March	138,000	(100,000)	14.1	(11.3)	4.5	(3.3)
REA Holdings	Dec	483 L	(780 L)	-	(-)	2.0	(2.0)
Scantronic	March	2,050	(1,420)	6.2	(4.4)	1.6	(1.2)
Scotts Rest	Dec	777 L	(972 L)	-	(-)	3.3	(3.3)
Shanks & McEwan	March	9,850	(7,850)	37.7	(30.5)	15.5	(13.5)
SI Group	Dec	328 L	(372 L)	-	(-)	-	(-)
Smith New Court	April	7,600	(9,300)	9.1	(18.4)	8.0	(8.0)
Southend Propty	March	4,350	(209)	5.0	(0.7)	0.5	(0.1)
Staks	April	234	(109)	0.8	(0.4)	-	(-)
Stanco	April	817	(3)	1.8	(25.7)	-	(-)
Stanhay Webb	April	376	(-)	-	(-)	-	(-)
Sterling Publish	March	1,730	(1,110)	7.3	(5.0)	3.3	(2.2)
Stormgard	March	1,500 L	(4,670 L)	-	(-)	-	(-)
Swanyard Record	Dec	255	(96 L)	-	(-)	-	(-)
Syltone	March	1,660	(1,210)	26.4	(21.3)	11.5	(10.0)
Thorn Emi	March	225,300	(159,500)	53.1	(43.9)	22.0	(18.5)
Triplex Lloyd	March	4,580	(2,060)	-	(-)	4.5	(3.2)
Turnbull Scott	March	1,180	(447 L)	78.0	(-)	18.0	(9.0)
Walker & Staff	March	350	(363)	9.7	(12.0)	2.5	(2.0)
Warburg SG	March	111,100	(98,000)	37.4	(41.3)	11.5	(10.0)
Warner Holidays	March	831 L	(1,090)	-	(-)	-	(-)
Wiggins Group	March	4,510	(2,210)	-	(-)	6.5	(4.3)
Wooltons Better	Feb	1,250	(1,200)	8.9	(8.6)	4.4	(2.5)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Airtours	March	4,500 L	(2,990 L)	1.3	(-)
Ashley Ind Trust	March	49	(26)	-	(-)
Berisford S&W	March	47,120	(42,836)	4.5	(4.0)
Blue Arrow	April	28,000	(25,200)	0.6	(0.2)
Bremhill Industries	April	276	(-)	3.7	(-)
Crest Nicholson	April	14,040	(5,223)	2.5	(2.0)
Docmis	March	624	(376)	0.5	(0.2)
Eldridge Pope	March	1,390	(1,280)	4.0	(3.5)
Electronic Data Pro	March	615	(512)	0.6	(0.6)
First National Fin	April	30,500	(22,427)	3.5	(3.0)
Gardiner Group	April	774	(570)	0.2	(-)
Greenwich Comm	Feb	646 L	(415)	-	(-)
Hardy's & Hansons	April	2,130	(1,895)	7.2	(6.2)
Hey & Croft	April	351	(240)	1.5	(-)
KLP Group	March	1,530	(64)	2.1	(1.8)
Lowe Robert H	April	748	(402)	1.2	(1.0)
Mansion Brothers	March	165 L	(373 L)	-	(-)
Oakwood Group	March	235	(160 L)	1.0	(-)
Raeburn Invest Tst	May	3,100	(2,850)	8.0	(-)
Shoraplas	March	879	(196)	2.0	(-)
Throgmorton Trust	May	3,250	(2,660)	4.0	(2.7)
Trusthouse Forte	April	59,000	(43,100)	1.8	(1.5)
TSB	April	212,100	(164,000)	2.6	(1.2)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. ‡ this fig for 15 months, ☆ this fig for 16 months.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Attwoods is raising £40.5m via a placing of convertible preference shares.
BMSS is planning to join the USM via a placing valuing the company at £7.78m.
Broadwell Land is joining the USM via an offer for sale valuing it at £20.7m.
Christie Group is to seek a full listing via a placing of 5.8m shares, to raise up to £8m.
Colefax & Fowler is to join the main market via placing which values the group at £15.6m.
Liscat is to join the USM via a placing valuing the company at £7.78m.
Rockfort Group is coming to the market for a full listing with an offer-for-sale at 140p a share which will capitalise the company at £60.2m

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

Now Petrofina rallies its defences

IS PETROFINA about to suffer the same fate as Societe Generale de Belgique? It might be mischievous to say so, but the brisk demand for shares in Belgium's major oil group is highly reminiscent of the hectic buying spree ahead of this year's dramatic takeover bid for "La Generale" by Italian businessman Carlo De Benedetti.

In the three months to June 30, Petrofina's share price has advanced 16 per cent to

Belgium

BFr13,025, compared with the relatively pedestrian 3 per cent rise for the Brussels Stock Exchange index as a whole. At times in the past fortnight, turnover in the stock has accounted for 30 to 40 per cent of total daily volume. And despite the usual rich diet of speculation and rumour, the identity of the buyer (or buyers) remains a mystery to all bur those involved most intimately.

Notwithstanding the new buzz of anticipation, however, it seems highly improbable that Belgium is about to experience another titanic struggle for one of its major companies.

True, several potential stake-builders in Petrofina have been mentioned – among them the oil companies Elf and Total, and Middle Eastern interests like the Saudis and the Kuwait Investment Office. But in the post-De Benedetti period, which set in effectively after Societe Generale's April egm and which was confirmed by last week's truce between the warring shareholder camps, the chances of a new "raider" penetrating Belgium's deceptively brittle defences have received a major setback.

New legislation to ensure greater "transparency" in share dealings is about to be introduced. Much more significantly, though, several major Belgian companies (including Petrofina) have already acted unilaterally to head off the threat.

The most popular theory – given weight by the apparently unruffled calm of the company itself – is that the Petrofina buyer basically is friendly and will thus bolster the core of protective shareholders. This comprises the employees and management (an estimated 8.5 per cent), Belgian institutions (another 4 per cent) and, above all, the two leading Belgian holding companies, Societe Generale de Belgique itself and Albert Frere's Groupe Bruxelles Lambert (GBL).

FT-ACTUARIES WORLD INDICES

Country	£ Sterling % change from Mar.31st 1988	£ Sterling % change since Dec.31st 1987
Australia	+31.7	+45.1
Austria	+2.9	-6.6
BELGIUM	-2.1	+26.7
Canada	+15.0	+26.6
Denmark	+21.9	+22.7
France	+28.4	+22.6
W Germany	+5.6	+6.5
Hong Kong	+19.5	+32.6
Ireland	+21.6	+42.0
Italy	+0.4	+0.7
Japan	+3.4	+25.8
Malaysia	+42.0	+50.8
Mexico	+28.1	+74.8
Netherlands	+7.1	+13.7
New Zealand	+12.0	+11.5
Norway	+8.0	+31.8
Singapore	+25.4	+39.7
S Africa	+0.3	-2.7
Spain	+10.8	+25.5
Sweden	+8.4	+28.7
Switzerland	+8.0	+4.4
UK	+7.1	+9.6
USA	+16.8	+22.1

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The useful Belgian Corporate Handbook, published earlier this year by London-based investment banker Dillon Read, illustrates graphically the web of cross-holdings which, directly and indirectly, link GBL and SGB to Petrofina.

A key 10.1 per cent holding is controlled by Tractebel, the energy, telecommunications and media group where SGB has a direct 14.7 per cent stake but where GBL has increased its presence. A further 4.4 per cent is held by Electrafina, another holding company where the two big groups each own a 26 per cent stake.

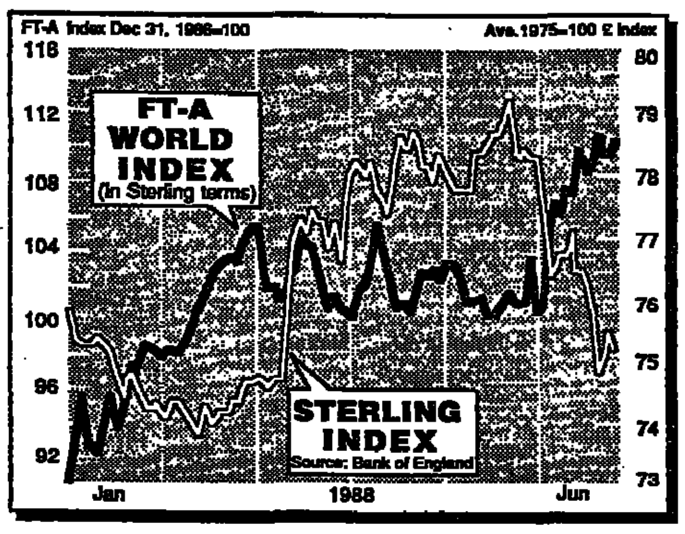
Elsewhere, GBL can count on the 9.1 per cent stake of Cometra (where it has a 41.1 per cent stake) and the 0.3 per cent held by Prominvest (a 52.7 per cent GBL subsidiary), while La Generale can add in small parcels of between 0.3 and 2 per cent owned directly, held by Finoutremer (in which it has 39 per cent) and held jointly with Sofina.

Recent rights issues by Electrafina and Tractebel – details of the the latter's one for 15 at BFr6400 to raise BFr5bn were disclosed on Thursday – have fuelled stock market suspicions that these companies may be planning to step up, in a friendly way, their participation in Petrofina shares.

Besides its friends, Petrofina can also call on the 6.4m authorised (but unissued) shares which, it has implied clearly, will be placed in sympathetic hands were a hostile bidder to appear (and which could dilute existing shareholders by 25 per cent). Such "poison pill" devices already have been set in place to deadly effect by the chemical groups Solvay and UCB (neither apparently the target of a predator), and by the leading supermarket group GB-Inno-BM (the share price of which shot up on feverish speculation earlier in the year).

All these companies have made convertible bond issues to be exercised only in the event of an unwelcome approach. In UCB's case, the new shares are equivalent to 50 per cent of present share capital (potential dilution 33 per cent). Solvay's represents 32 per cent of existing equity (24 per cent after exercise) and GB-Inno's 20 per cent of capital (or a maximum 16.7 per cent dilution).

To some extent, such measures



The Belgian cabinet agreed this week to introduce laws that require shareholders of publicly-quoted companies to disclose publicly a stake of 5 per cent

reflect the political vacuum which is only starting to be filled with this week's agreement by the Belgian cabinet to introduce so-called "anti-raider" legislation requiring shareholders of publicly-quoted companies to disclose publicly a stake of 5 per cent (De Benedetti, it will be recalled, got to 18.6 per cent before revealing his hand).

The poison pills can, however, also be seen as a response to the challenge which De Benedetti and others have mounted to Belgium's long stock market tradition of "creeping control." This is a reference to the way in which companies like Societe Generale have been able to influence the management and strategic decisions of other companies through a combination of what often is quite a small direct minority stake, support from largely passive shareholder allies, and the natural reticence of the "Belgian dentist" (shorthand for those private investors wary of the tax authorities who do not turn up at annual meetings.)

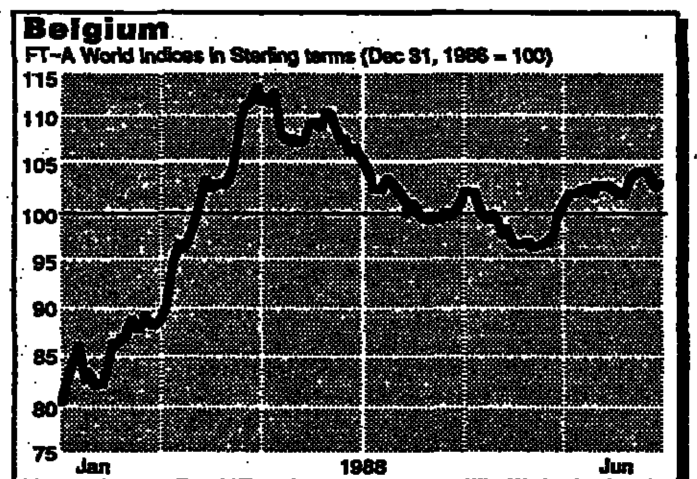
According to one analyst: "The knock-on effect from this year's events on the market is one of companies running for cover. It is perhaps an explicit acknowledgement that, in the more aggressive climate of today, there is no substitute for Anglo-Saxon majority control. The loose support of a collection of minority shareholders is no longer enough."

Obviously, such a change is of considerable long-term significance for the Brussels Bourse and for the position of minority shareholders, as well as having major implications for those foreign companies which, rightly, see Belgium as a rich concentration of economic power well-positioned geographically for the barrier-free European market promised post-1992.

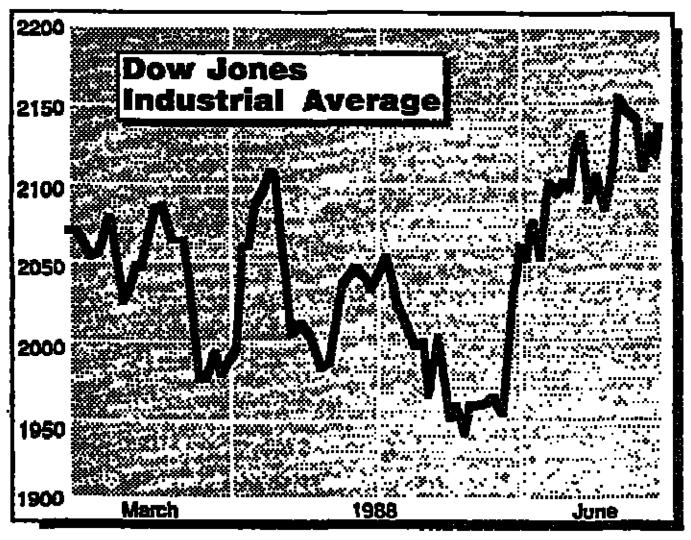
In the short term, the main stock market interest is likely to centre on the plans of the new management at La Generale, and the speed at which the now-unrivalled majority shareholder – the French investment bank Compagnie Financiere de Suez – intends to shake up the assets.

Meanwhile, the encouraging prospects for the Belgian economy were confirmed this week with Generale de Banque's forecast of a same-again 1.7 per cent increase in gross national product (GNP) for 1988, underpinned by an upturn in domestic demand. It is still early days but, despite fears that the budget deficit will be higher this year than expected, the new centre-left Government will retain its predecessor's attachment to keeping public spending under control.

Tim Dickson



Jointly compiled by the Financial Times, Goldman, Sachs & Co. and Wood Mackenzie & Co. Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries.



For once, the analysts agree: mind The Gap

WHO OR HOW or what is The Gap? And does it matter?

Before you get to The Gap, you have to know about gaps, plural, lots of them. Gaps are holes that appear on the charts of stock market analysts every now and then. "Sure, I believe in gaps," says Gail Dudack, a technical analyst at S. G. Warburg. "They appear all the time," says Newton Zinder, a technician at Shearson Lehman Hutton. "Forget about them, they've got a lot of mystique but don't mean much," says Robert Colby of Smith Barney.

According to William Lefevre, who has been studying charts at Advest for 40 years, gaps have been important to chartists at least since the 1930s. This is what happens, he says.

Because of events or sentiment overnight or over a weekend, a stock or a series might not open at its level of the previous trading day. If it does not return to that level in the course of the new day, there will be a gap on the chart of its price.

Take the example of June 21 and June 22. There was strong buying interest overnight and many stocks opened higher on Wednesday, June 22, than their closing levels on the Tuesday. Wednesday was a good day and these gaps were not filled in, either that day or later that week.

As for the Dow, there was a 15.30-point gap between Tuesday's intra-day high of 2115.75 and Wednesday's intra-low of 2131.05.

Technical analysts do not agree on much but Dudack, Zinder, Lefevre and Colby all say that gaps *usually* get filled. The theory is that the market abhors a vacuum as strongly as nature itself. The market wishes to cover the ground it missed so as to pick up the buyers or sellers that got stuck there.

"It's sort of like unfinished business," says Zinder. "It makes things tidy," says Lefevre. "Like Christmas morning, with everything neatly wrapped."

The Dow gap of June 21/22 was duly filled this week. During trading on Monday, the Dow tumbled 34.50 points to 2108.46. As it fell, it crossed the gap created the previous week. It might also have picked up the buyers stranded there before it advanced on Tuesday and Thursday.

Gaps are not always filled, though. According to Lefevre, the Dow has some unfinished business from the depths of the 1930s' bear market on April 19-20, 1933.

Just a month before Franklin D. Roosevelt was sworn in as President and the recovery began in earnest, the Dow gapped 1.08 points – the equivalent of about 33 points today – between April 19's intra-day high and April 20's intra-day low. "To date, that gap hasn't been filled," Lefevre says.

Since it is between 68.70 and 69.78 on the Dow, not even the greatest fan of chart neatness would want it filled. The similar gaps that opened as the Dow wrenched its way out of the 1970s' bear market were filled rapidly.

Those were gaps. *The* Gap occurred in the crash last October. The intra-day low on Friday,

Wall Street

October 16, was 2207.73 but trading on the disastrous Monday that followed never lifted the Dow above 2164.16.

The Gap is 43.57 points on the Dow, about a quarter as big again as the 1933 gap and pointing downwards rather than up. "Most gaps are filled quickly but this one, a panic gap, we just don't know what will happen," says Dudack.

In the past month, as the Dow has approached and receded from the 2164.16 level, The Gap has become the black hole of technical analysis: of awesome power and the key to the universe or, perhaps, quite non-existent. "Because there was no trading in there, there's theoretically no resistance or support," says Zinder. "We don't know if it's acting as a magnet or a repellent."

Lefevre says: "We just don't know what's going to happen when we get back there. Is there a whole gang of people in there waiting to sell? Is the market afraid of that? Is it frightened it cannot surmount that area."

These four analysts have precisely four theories for what will happen. Lefevre believes that The Gap will be attacked and crossed and this will so embolden the market that it will be "an additional factor in the recovery." Zinder believes that the market could go up but the crossing could also flush out so many sellers that it will go down again.

Dudack has been studying gaps made in individual stocks between October 16 and 19. "There's been no pattern. Some have been filled in, some haven't. Those that did just plodded across, so it does not seem to be working as a vacuum, sucking them in. I think the Dow should get to 2,300, Gap or no Gap."

Colby says: "Gaps are an irrelevance. What really matters is that the Dow Transportation Average reached an eight-month high on Thursday. That's bullish for followers of Dow Theory and that goes back to 1897. We've finally achieved the promised land."

Monday	2108.46	- 34.50
Tuesday	2130.87	+ 22.41
Wednesday	2121.98	- 08.89
Thursday	2141.71	+ 19.73

James Buchan

Weekend Business

• FINANCE & THE FAMILY •

On the roller coaster

Ralph Atkins sounds a note of caution for investors with a nervous disposition

BASE INTEREST RATE FORECASTS %	End July	End of 1988
CL-Alexanders Laing & Cruickshank	10.0	9.0
Goldman Sachs	10½	10.0
Greenwell Montagu	10.0	9½
Morgan Grenfell	10.0	10½
Phillips & Drew	10.0	11.0
Shearson Lehman	10½	12.0
Warburg Securities	10.0	10.0

Nigel Lawson

LIKE A roller coaster, UK interest rates since March have tumbled to a brave low and then accelerated sharply, rising to a level higher than the starting point. It is hard to guess what lies around the corner.

Tuesday's half a percentage point rise in base rates to 9½ per cent was the fourth jump in a month and the 12th move in a year.

As the table shows, economists at City security houses believe that the ride has not come to an end. Typically, rates are expected to rise at least another half a point within a month and still further by the end of the year – with perhaps higher rates in between. Yesterday, wholesale money markets were discounting a rise to 10 per cent.

Probably to the despair of the small investor, interest rates have become the main instrument of the Government's economic policy. Frequent changes have increased uncertainty about mortgage rates or building society yields and have made tricky decisions about alternative investments trickier still.

Yet the Government is probably justified in penalising the consumer. It is largely exceptional demand in the consumer sector that is creating problems for the economy – a yawning trade gap and the threat of burgeoning inflationary pressures.

Official figures in recent weeks have highlighted the risk of further shocks that could lie ahead. Retail price inflation is rising, average earnings are increasing at an underlying rate of 8¼ per cent a year and personal incomes growth is accelerating. Moreover, in May, Britain's current account was a record £1.2bn in the red.

The Government has partly shrugged off the latest trade figures, but it has staked its political credibility on controlling inflation. Its armoury is limited.

Speaking on Thursday, during the Kensington by-election campaign, Nigel Lawson, the Chancellor, said: "In a free economy, the only way you can keep the economy on track is by use of interest rates."

This implies interest rates will continue to be changed frequently. Although yields on short dated gilt-edged securities have varied less than base rates, they jumped from a low of about 9.10 per cent to as high as 9.50 per cent in June alone – underlining the necessity for investors to judge timing carefully.

Interest rates rises affect consumer spending directly by increasing the cost of credit. In popular perception, it is this which is fuelling high street spending.

In truth, credit does little more than lubricate expenditure. Only a small number of retail transactions are made on credit and most are paid within a month. Besides consumer credit is probably insensitive to interest rate changes – particularly if only of ½ or 1 percentage points.

A more pronounced effect of an interest rate rise is on mortgage repayments. Because they form a large share of a household's outgoings, an increase means there is noticeably less to spend in the shops.

So far building societies have resisted puting rates up in the wake of base rate rises – probably to the annoyance of the Treasury - but further base rate rises would make an increase inevitable.

The Government is also trying to use interest rates to create an environment that reduces the scope of companies to put up prices. Higher interest rates strengthen sterling and make foreign goods more price competitive. It also cuts the cost of imported materials – reducing retail price inflation and easing cost pressures on manufacturers.

This defensive action is likely to be severely tested in coming months. The problems the Government is likely to face in coming months are twofold.

First, many independent economists are saying, the economy is showing ever greater signs of "overheating". According to this line of argument, industry is hitting capacity constraints and workers are securing higher wages without a corresponding increase in productivity. The result is that prices will rise unless absorbed in profit margins.

The dramatic increase in the current account deficit and resulting sterling weakness is interpreted as another symptom of an economy that is growing too fast. It also highlights the second problem the Government faces: it can exercise control over the interest rate but its room for manoeuvre on the exchange rate is limited.

The fate of sterling is largely affected by international pressure. The recent rise in the dollar has undermine the pound's strength while higher interest rates abroad will reduce the attractiveness of sterling holdings. Hence, Thursday's rise in West German interest rates intensified speculation of a further rise in the UK.

If inflationary pressures grow, the Government is likely to see a further tightening of monetary conditions as necessary. But if sterling is under downward pressure, it will have to be interest rates that take the strain.

It is reasoning of this sort that lies behind the growing pessimism of some City economists about prospects for the interest rate roller coaster. Investors with a nervous disposition should proceed with caution.

Richard Waters looks at the changing relationship between brokers and clients

Spare a tear for your stockbroker

SPARE a thought for stockbrokers. What with last year's crash and falling numbers of share transactions since, they're finding it hard to make ends meet. But don't overdo the sympathy: clients are already feeling the effects, either through higher charges or a lower level of service.

The crash and its aftermath are hastening a significant shift in the way stockbroking services are sold, and the companies who are doing the selling. Many established broker/client relationships may not survive this upheaval. But at the end of the day, many clients may be getting a more suitable service at a more realistic price.

Traditional stockbroking has comprised a number of services: executing buy and sell orders, advising on particular investments, and managing funds on behalf of clients.

Until now the buy and sell part has generated commissions used to remunerate the broker – leading to suspicions that brokers generated turnover to increase their income.

The new element is that commissions no longer yield sufficient profits for many brokers to survive profitably. The minimum 1.65 per cent charged under the old fixed commission system disappeared with Big Bang, and falling business since the crash has led to a severe fall in the level of commissions.

While income has fallen, costs have risen. The hefty central overheads of the international banks and others which now own the City's most famous brokers have put pressure on firms to increase their income.

These developments have forced brokers, not traditionally the most business-like of operations, to reassess the profitability of their client bases and to redirect their efforts to those clients and services out of which they will be able to make a living. Fee income is becoming a necessary substitute for commissions.

The result is a splitting-out of the three services mentioned above. Companies in future will tend to charge for each separately, and may not offer all three to all customers.

■ **BUYING AND SELLING SHARES**

Execution-only services based on low commissions have proliferated since Big Bang. The most successful of these discount broking operations are those which can handle low-value transactions in large volumes.

There can be substantial differences in the prices charged. Minimum charges for small deals range from £15 (BT Sharelink) through £16 (Barclays) and £18 (Cheltenham & Gloucester) to £25 (unit trust group Fidelity and NatWest).

For larger deals (generally over £1,000), the scale of charges can differ sharply. Commissions fall within a wide range, reflecting the different clients targetted by the brokers. Fidelity has just introduced a competitive fixed £50 for all deals up to £20,000. But it has picked its clients carefully: an up-front fee and other penal costs make it uneconomical for investors not engaging in several transactions a year.

The problems many City brokers experienced over processing large numbers of transactions last year has forced them to steer clear of low-value dealing only services. Some traditional brokers who launched execution-only services have subsequently pulled out of this particular market.

■ **MANAGING PERSONAL PORTFOLIOS**

Advising clients on and maintaining their own individual portfolio of shares is the expensive end of the business. You need at least £150,000-£250,000 to qualify for this type of service, though some brokers deny that they have fixed limits.

James Capel, one of the City brokers most respected by institutions, has been pushing hard to expand its private client business. But Brian Tora emphasises that Capel is not interested in providing services on the cheap to the small private investor. It does not offer an advisory service for anyone with a portfolio of less than £250,000.

Below that it either puts clients straight into its in-house unit trusts or, if they have larger amounts, into a unit trust portfolio. Clients may also be referred to Allied Provincial Services, the regional group of stockbrokers in which Capel has a large stake.

For portfolios above £100,000 Capel offers a discretionary management service, which has a minimum annual fee of £500 – but commission is half that charged for normal share transactions.

Barclays has made the most ambitious move so far into packaging an advisory service for the mass market. Clients are categorised according to the risk element of their portfolio. A regular newsletter carries share tips, and brokers are available at the end of a telephone.

Many regional brokers, with much lower overheads than their London counterparts, still maintain that they can provide a traditional service based on commission income.

So does a new small London based broker, Dunbar Boyle & Kingsley. It is inviting clients to invest in its own stock as well as offering specialist services, relying on commission (at 1.65 per cent) income only, with no management, valuation or other fees. It emphasises that its discretionary and non–discretionary portfolio management services, but no execution-only service, are aimed solely at private clients.

Such firms believe there is still demand for a traditional stockbroking service, at a price.

However, there are strong arguments against running small investment portfolios in this way. For a start, capital gains tax has to be paid on all transactions, compared to a unit trust, where it is rolled up and payable only on redemption. At 40 per cent, this tax is now a significant factor for higher-rate taxpayers.

Also, there is nothing magic about having a personal broker. Your broker is only likely to have access to the same research as all other fund managers, including those of "impersonal" unit trusts: the idea that a personal broker will help you to steal a march on other investors and achieve a better return is an illusion. This type of investment remains best-suited to those who regard share-ownership as a hobby. Despite this, it remains the most popular form of private share ownership.

■ **DISCRETIONARY MANAGEMENT**

The alternative to taking your own investment decisions is a discretionary fund, with an annual management fee. It provides the management skill, but not the level of service still popular with many clients. Capital gains tax is still payable on all transactions, making unit and investment trusts a better choice.

Faced with these considerations, many brokers are developing hybrid investment vehicles which give the impression of a high level of personal service while keeping costs under control.

Typical is Capel Cure Myers' combined unit trust and personal dealing account: the bulk of the investment is managed in a unit trust, while a separate arrangement allows investors to dabble on the side.

Such services are likely to be the most cost-effective for investors with moderately-sized portfolios who want to retain some personal involvement in their equity investments. But as Brian Tora of Capel says: "Seeking advice is expensive".

Getting back on target

THE Australian All-Ordinaries share index, after taking into account the rise in the value of the Australian dollar, has been showing sterling-based investors gains of close to 50 per cent since the start of 1988.

Unfortunately, this is only a partial recovery from last October's crash which hit the Australian market harder than most. Share prices halved in local currency terms between the September 1987 peak and November 11, and the Australian dollar declined by 17 per cent against sterling over the same period. The FT-Actuaries sterling index for Australian stocks is still more than a fifth below its 1987 high.

Combined with the power of the intermediary, this has done even more extensive damage to some of the specialist funds investing down under.

One of the most achingly obvious is Target Australian, which had the dubious distinction of being the worst-performing unit trust over one, three and five year periods, according to the comparative listings in Money Management magazine. A theoretical £1,000 invested at the beginning of May 1987 would have declined in value to a mere £310 one year later.

Why did Target Australian perform like this? John Hodson, investment director of the Target group which was taken over by the TSB group last year, says the whip hand held by the intermediaries – brokers who deal en bloc on behalf of many clients and who can be quite ruthless in pushing around their large sums of money – played a crucial part. Last October, the Australian fund was hit by nearly £5m of redemptions.

"With the market and the Australian dollar both falling, that left it valued at just under £1m at the end of the month," Hodson says, ruefully. "Generally, you can sell a bit of everything if you need to fund redemptions; but in the stock market crash we could only sell the good stuff after a while, ending with the residual and still selling. You end up with fire sale prices in that situation."

Hodson adds that an Australian fund would normally set its UK prices at noon British time, having regard to the earlier close down under. However, that became untenable in a rapidly falling market. Furthermore, market prices for some stocks often were quoted for deals of a mere fraction of the size of fund holdings, so the price secured by the fund for a sale frequently was often very different from the so-called "market price."

Finally, Hodson points out that it had never been Target's policy to hedge its currency bets against the potential liquidation of unit holdings – indeed, it was arguable whether it could do so under the terms of its trust deeds.

"The trustees said that we had to make prices," says Hodson. "The lesson that we have learnt is that we must try actively to discourage 'hot' money from going into specialist funds, which are open-ended and potentially illiquid."

Target has gone about this positively, to begin with, by creating a range of "alpha funds" designed specifically to let the intermediaries into a degree of fund management (or, as the literature puts it, "to enable the private managed fund investor to realise profits from active stock market trading").

They are not index funds as such, but they will be designed to reflect movements in various markets like the UK, US and Japan, golds, gilts and currencies. Other characteristics aim at ease of trading, efficient switching, and the facility to deal at real-time pricing.

Meanwhile, Target is reappraising its specialist funds. The Australian is back to £3m in value but could well be merged with another fund – most probably the Pacific – while others could be in for similar treatment. "We don't want to find ourselves again in a position where the intermediaries have a greater liquidity option than the fund itself," Hodson stresses.

William Cochrane

Don't pick up this Abbey habit

Eric Short throws down the gauntlet to Britain's second largest building society

ABBEY NATIONAL, Britain's second largest building society, launches its Retirement Investment Account – its own deposit-based personal pension on Monday.

There is nothing very surprising about this. Several other major building societies have taken the opportunity given to them by the 1986 Social Security Act to enter the pensions market, until now the monopoly of life assurance companies, and are launching deposit-based personal pensions.

But the press release announcing the launch stated that Abbey National expected to capture a significant slice of the personal pensions market with this contract.

I personally hope that this prediction by the society falls flat on its face.

It would be different if the building society was promoting its unit-linked personal pension, scheduled to appear in October, to achieve its aim.

My concern is not with Abbey National's attempt to be a major player in the new personal pensions market. It relates to the means by which it intends to achieve this objective.

At face value a deposit–based personal pension appears to meet the needs of the unsophisticated employee seeking to provide an better income in retirement than could be provided by the State.

Under such a contract, the employee makes regular contributions into a building society deposit just like he or she has always done for decades. It is a contract that the employee understands and has served him well in the past, even though on average its performance has lagged behind that of unit trusts.

The only difference is that interest is credited gross and the employee cannot withdraw the savings.

Here is the crux of the problem.

An employee taking out a personal pension needs to earn the highest possible return so that the accumulated cash sum at the time of retirement will secure an adequate pension measured as a proportion of earnings at retirement.

To achieve this objective, the bulk of the pension contributions must be invested in assets where the investment return will outperform not just the rise in the Retail Price Index, but growth in employee's earnings.

This is far more likely to be achieved with investment in real assets, such as equities and property, than in monetary assets such as deposits.

Indeed, an investment manager of a company pension scheme who held all his assets on deposit would soon lose his job, since his performance would be in the bottom quartile over the long term.

If the employee invests his contributions into a deposit-based personal pension for 30 years, then the odds are that he will finish up with an inadequate pension and wonder where he went wrong, believing that he had played safe by sticking to a risk-free investment.

It is perfectly legitimate to emphasise the risk-free element on ordinary building society deposits when the investor has access to his money immediately or within a short period.

But with pensions, the employee cannot touch the money until retirement – it is effectively locked away. So short-term stock market fluctuations are relevant only for the new money being invested.

Investment in deposits should only be undertaken on a short-term basis and when the employee is approaching retirement. At that stage it may be prudent to consolidate his equity returns, in case a slump in the equity market should coincide with his retirement date. In other circumstances, however, a bear market should be seen as offering good buying opportunities.

So, where long-term pension investment is concerned, the paradoxical message to get across to employees is that deposit-based investments are speculative, not risk-free, in that the employee, whether he realises it or not, is taking the view that inflation and the growth in his earnings will remain low during his working life.

Another paradox is that the employee at least hopes and probably expects that his salary will rise substantially over his working life.

Under the "know your customer" and "best advice" requirements of the financial services legislation, these aspects of pension fund investment should be explained fully by all investment advisers, whether they are independent or company representatives.

However, deposit–based personal pensions are not investments as defined by the 1986 Financial Services Act and therefore not subject to these requirements.

Nevertheless, building societies are under a moral obligation to provide the same depth of advice with these pension plans as with equity-based or with–profit plans, which are investments.

This is particularly vital, since the public hold building societies in very high regard. And many societies, for their part, have stated that they will operate "a level playing field" and provide the same depth of advice for all personal pensions.

Those leading societies which have elected to remain as independent advisers are now announcing the operation of pension advisory services for customers as well as launching their personal pension products on Monday. These are their own deposit schemes, and branded with–profits and unit-linked schemes underwritten by carefully selected life companies.

I am happy to report that in at least one advice service – Primetime Pensions Advisory Service, offered by Bradford & Bingley Building Society – officials have grasped the fundamental concept of pension fund investment.

Mr Roy Cordukes, life and pensions marketing manager at Bradford & Bingley, said that the essential feature of Primetime is that the product recommended should give the best prospect of a good pension in retirement. For young employees, this means plans in which investments are in equities, because they are likely to outperform those in deposits. For employees nearing retirement a deposit-based pension would provide the necessary high level of security.

Other societies appear to have understood this concept to some extent, though they still tend to place too much of an emphasis on the short-term security of deposits and not enough on the long-term danger of underperformance.

If an employee insists on a deposit-based plan then he will get one. So long as the the advice has been good, however, he will not be able to complain subsequently that he was not told.

For employees not willing to commit themselves fully to the equity market, a unitised-with-profit personal pension offers a higher rate of return (currently 12 per cent) with a comparatively low level of risk. National & Provincial is at present marketing only this type of contract from Scottish Widows.

My other complaint about the Abbey National launch concerns its claim that as usual, there are no management charges on its Retirement Investment Account.

What the society should have said is that, as usual, the charges are hidden.

Building societies up to now have been content to let investors believe that because no specific deduction is made on deposit savings, the investor is not paying charges.

It costs money for a society to operate a savings scheme and the expenses have to be paid by the investor in some form or other, possibly as a prior deduction from the investment yield. But such charges are kept hidden from the investor.

Both Bradford & Bingley and Bristol & West Building Society in their deposit-based personal pensions specifically set out the charges on a format akin to a unit-linked contract and pay the full interest rate on the amount of contributions invested – 9.75 per cent from Bradford & Bingley and 9.7 per cent from Bristol & West.

Abbey National, in contrast, is making no specific deductions from the contributions, but is paying lower interest rates, on a sliding scale, on the value of the fund, with the top rate of 9.65 per cent paid when there is £20,000 or more in the fund.

The charges on Abbey National's Retirement Investment Account are disguised rather than hidden. But there are charges and it is misleading to claim otherwise.

Since the level of charges is going to be an important factor with employees when choosing a pension contract, then it is essential that charges are completely revealed. Indeed, had Abbey National put forward such a statement on an investment product it could have run the risk of a complaint being made to the Securities and Investments Board.

I hope that Abbey National will publicly clarify the situation.

Tougher times in a jittery bear market

WELL, it's been nothing like as easy this time.

These words pretty much sum up the feelings of the competitors in the second Great Investment Race which on Thursday celebrated its half-way milestone – twenty-six weeks of dealing in a volatile, nervous, thin, bear market.

Each of the nine teams of fund managers started off with a £55,000 stake – loaned by the Prudential – and the target of making as much money as possible. The contest is organised by Charity Projects, and all the funds raised will go to about 50 small groups which help the homeless, the disabled, and drug and alcohol victims.

So far, the teams have raised a total of £389,761 over and above the starting stakes. The aim for the next six months will be both to hang on to that, and to increase it. A challenging task in this climate.

"Last year when the markets were strong I had opportunities every day, it was just a matter of selecting one. Now it is just one a week. It's such a shame," says Peter Clark of Hoare Govett which, with £72,559, lies in fifth place.

The Hoare team has been concentrating on picking stocks. "We are not dabbling in futures so it is harder for us. We will gear up in the options market towards the end but we are very mindful that if we get it wrong it is not easy to recover. This year is very tricky. With the dullness and lack of enthusiasm, it is almost as if it is raining every day."

Claire Nowak of Hendersons, the independent fund management group, agrees. "I reckon things will get even more gloomy this year. Volumes are dramatically lower. People don't see the news and jump up and down; they take a long think before deciding."

The Henderson approach has been to establish a core portfolio of stocks and to take short term views in the fixed interest markets, doing lots of deals in FTSE futures, US Treasury Bond and S&P futures. It has served them well. They are in fourth place with £112,683 and hot on the heels of Nomura, the Japanese securities house, which is just £500-odd ahead at £113,217.

Nomura deals strictly in the Tokyo market, which has seen a very strong post-crash recovery, according to Nomura's Andrew Jacobs. "We are now at pre-crash levels. Some commentators say Tokyo is a bubble but I think the market looks terribly strong and resilient. The idea that Tokyo is overblown is ridiculous."

The Nomura team has been concentrating on aggressive short-term trading, a strategy it has no plans to change.

Antos Glogowski of Daiwa, the other Japanese securities house in the race, is equally confident about Tokyo. "The market has had a good run, it has consolidated and I think it will go ahead, especially in export and electronics based stocks."

In sixth place with £68,962, Glogowski says he is going to change his approach away from short-term trading to taking a medium to long-term view. "I would prefer to pick stocks and only move when I think the sector is going to change."

The team at Bell Lawrie, the Edinburgh stockbroker in ninth place with £56,013, is also considering a change of tack, according to Alan Henderson. "We have been operating on the basis that it was a private portfolio – choosing a core group of stocks and sticking with it – but we might decide to change this approach, become a little bit more aggressive and take advantage of short term opportunities, like options and takeover stocks."

As for the market itself, Henderson does not see a general improvement on the horizon. "If anything, I think investment sentiment will deteriorate."

The next six months will see rising concern about inflation and very rapid movements in interest rates, according to David Kidd at Capital House, the investment management arm of the Royal Bank of Scotland, lying in seventh place with £65,213. "The key factor is what happens to the US dollar."

Bernard Cazenove at City stockbroker Cazenove reckons that while the thinnish trading in the market will probably continue through the second half of the contest, the volatility will start to die down. "The further from last October we get, the more confidence will build up."

In the number one slot with £190,344, Cazenove is clearly not considering a change of approach, but will keep rather a larger amount in cash "to protect the profits already made." As for tactics, "we will continue to look at individual stock situations and especially the traded options market, which has been the most successful route for us."

The team at Enskilda Securities, in eighth place with £59,279, has decided to abandon options and a diversified portfolio, and concentrate instead on one equity at a time.

As for the Prudential, in second place with £146,487, "we are going to be much more opportunistic in this half of the race," says Ted Williams. "We have to catch Cazenove."

Fiona Thompson

THE GREAT INVESTMENT RACE

HOW THEY STAND

1	(1)	Cazenove	£190,344	(£178,766)
2	(2)	Prudential	£146,487	(£122,032)
3	(3)	Nomura	£113,217	(£108,322)
4	(4)	Henderson	£112,683	(£103,740)
5	(6)	Hoare Govett	£ 72,559	(£ 89,040)
6	(5)	Daiwa	£ 68,962	(£ 82,570)
7	(7)	Capital House	£ 65,213	(£ 68,100)
8	(9)	Enskilda	£ 59,279	(£ 53,948)
9	(8)	Bell Lawrie	£ 56,013	(£ 58,599)

Previous position in brackets. Source: WM Company

The Smarties picked Rowntree

FOOD, GLORIOUS food. You don't have to be too much of a Smartie to realise that Rowntree, the confectionery manufacturer, has been the best performing FT-SE 100 share in the first six months of the year.

The rival bids from Swiss groups Nestlé and Suchard have enabled the Rowntree price to more than double from the 470p at which it started the year to £10.69, just short of the final agreed Nestlé offer.

But the worst performing share, British & Commonwealth Holdings, might come as more of a surprise. Financial Services conglomerates have rather gone out of fashion since October's stock market crash. B & C's shares have also been hit by the breakdown of the planned deal to sell the company's wholesale money broking business to Quadrex Securities.

The list of the best and worst performing Footsie shares from January 1 to June 30 illustrates how bid speculation can quickly and substantially transform a share performance.

No-one has made a bid for Enterprise Oil, the second best performer, but its position as one of the UK's two remaining large independent oil companies has kept it the subject of persistent takeover rumours, especially as the government's "golden share" is set to expire.

Enterprise shares were given a substantial boost by the BP acquisition of Britoil and then benefitted again when the company announced a major oil discovery in the North Sea. The fourth, fifth and sixth placed shares – Cadbury Schweppes, Scottish & Newcastle and Racal – also owe their places partly to bid speculation.

The issue is quite clear cut with Cadbury, in which General Cinema has continued to make ambiguous noises about its its 18.4 per cent stake and the confectionery and soft drinks group has also been frequently linked, in rumours, with the participants in the Rowntree saga.

Scottish & Newcastle is also a tipsters' favourite, chiefly because of the 8.9 per cent stake held by Australian group Elders IXL but also because of rumoured interest from other brewers such as Bass and Anheuser Busch.

Racal's share price surge owes something to the possibility of a bid from Cable & Wireless, which has picked up a 2.8 per cent stake but a lot more to the planned flotation of its mobile telephones business Vodafone, which caused investors to sharply revalue their estimates of the company's true worth.

Amstrad and Wellcome (third and seventh placed respectively) are in the rankings because of more business-related factors. In 1987, Amstrad's shares had settled to a substantial discount to the market because of fears that Mr Sugar could no longer continue to produce winning products. But this year the announcement of new products such as the video camcorder and the satellite dish have restored investor's confidence and allowed Amstrad to narrow its discount.

Wellcome meanwhile has been buoyed by hopes for the success of its anti-AIDS drug, Retrovir, despite the fact that so far its contribution to profits has been minimal. Some estimate that around half the group's market capitalisation is attributable to the one drug.

Leaders and Laggards
Best and worst performing FT-SE 100 stocks Jan 1 - June 30

Leaders	
1. Rowntree	+ 139%
2. Enterprise Oil	+ 91%
3. Amstrad	+ 82%
4. Cadbury Schweppes	+ 72%
5. Scottish & Newc	+ 60%
6. Racal	+ 53%
7. Wellcome	+ 42%
8. Ladbroke	+ 34.4%
9. Williams Holdings	+ 34.3%
10. Rank	+ 31%
Laggards	
1. British & Comm	- 19%
2. Next	- 13%
3. Maxwell Comm	- 10%
4. Asda	- 8.2%
5. Dee	- 7.7%
6. Sears	- 7%
7. BAT	- 5%
8. Bass	- 4.5%
9. M and S	- 4.4%
10. Coats Viyella	- 3.9%

Among the laggards, the retailers predominate with Next, Asda Dee, Sears and M and S al appearing in the list. "The con sumer spending background i: very good but retailers are find ing it difficult to improve thei profitability because they hav been unable to keep their cost: under control," argues Charle: Allen, a stores analyst at Count; NatWest.

Asda and Dee, which both fi into the food retailing rathe than the stores sector, are sepa rate cases. Food retailing stock: outperformed the market imme diately after the October crash, because investors perceived them as defensive stocks, so the first half underperformance is partly due to the sector falling back into line.

Dee's decline is also due to the fact that, at the start of the year, it was in the midst of a takeover bid from Barker & Dobson. The bid failed with the inevitable depressing effect on the share price. In addition: " The merger of Fine Fare into Dee is proving a huge task and the costs are more protracted than was at first thought, " says Paul Smiddy of County NatWest.

Asda, which sold off its MFI furniture retailing at the end of last year, has been affected by what Smiddy refers to as " growing, and perhaps unwarranted, caution about its profits outlook for 1988/89."

Which will be the best performing shares of the second half? Given the stock market's current obsession with takeover rumours, the chances are that the leaders list by the end of the year could be totally different. Sticking a pin in the back pages of the FT may yet prove to be the best investment strategy.

Philip Coggan

FT Exhibition

Some distinguished speakers are lined up for Personal Investment 1988, a three-day exhibition and programme of conferences organised by the FT as part of its centenary celebrations. The event, aimed at those seriously interested in investment, will provide an opportunity for readers to discuss their personal financial planning requirements and take part in a full programme of events.

The exhibition and conference takes place at the Queen Elizabeth II Conference Centre, Westminster, London, next Thursday, Friday and Saturday, July 7-9. Entry to the exhibition costs £5; entry to any of the associated conferences, workshops and events costs £10, though numbers are restricted.

Events and conferences include: Capital Protection and Growth, Personal Pensions, Investing in Gold, a workshop for expatriates, Alternative Investments, a Sotheby's wine tasting, a Reviewers' Evening, a How to Spend It session, and a tasting of the FT's pink champagne.

At the forum on personal pensions on July 7, Maurice Oldfield, a former chairman of the National Association of Pensions Funds, will be joined by Dryden Gilling-Smith, a leading independent expert, and by Robin Ashurst of Watsons, the actuaries, who will present a paper on the UK's new pensions legislation.

Details are available from the FT Conference Organisation, 126 Jermyn St, London SW1Y 4UJ. Booking enquiries: 01-731-4484. General enquiries: 01-925-2323.

Eric Short on moves to boost consumer protection under the Financial Services Act

Tougher rules aim to give investors even more security

THE NEW regulations for selling life assurance and unit trust products, which came into force this week, are aimed at giving greater protection to consumers. They are one of the more important set of rules effective from July 1 under the Financial Services Act, since they help investors to avoid the clutches of the high-pressure salesman.

One would have thought that the "best advice" and "know your customer" requirements imposed by the new legislation on all people marketing, advising or dealing in investments would ensure that individuals were sold the right contract for their requirements.

However, the Securities and Investment Board (SIB) and the Life Assurance and Unit Trust Regulatory Organisation (Lautro) have reinforced these two general principles with a complex set of rules and regulations to try to ensure that investors know what they are buying and what they are paying.

■ Commissions

Lord Young, the Trade and Industry Secretary, has pronounced the death sentence on an industry-wide agreement governing the level of commissions on different products. However, execution will not take place until 1990 at the earliest.

Until then, Lautro will operate its agreement, which sets out the maximum rates of commission life companies and unit trust groups can pay independent intermediaries.

In theory, this removes the temptation for an intermediary to recommend a particular life company or unit trust group solely to get a higher commission. It also prevents competition forcing down commission rates.

It is not compulsory to abide by the agreement, but all Lautro members are expected to conform. If they do not, independent intermediaries will have to disclose to clients the amount of commission received on selling a contract. Under the agreement, the intermediary simply says the commission is in accordance with the Lautro standard rates. He does not have to give further details unless the investor asks specifically for disclosure of the commission received. Companies expect that most individuals will be content with the assurance that commission is in accordance with normal rates.

■ Selling practices

Lautro is also introducing rules aimed at preventing what is known as product bias — where a company representative is encouraged to sell an unsuitable contract solely because he receives a higher remuneration or some other incentive.

This applies to direct renumeration scales and to indirect benefits. Under the new rules, the salesman should not be tempted to sell clients a pension contract simply to qualify for the two-week company holiday in the Seychelles given to the top 20 pension salesmen.

■ Product disclosure

Many individuals being sold life, pension or unit trust contracts have only a hazy idea of what they are buying. Under the latest regulations, investors must be given comprehensive details of the contract, including:

● Details of the underlying funds, with descriptions of the investment objectives and risk or volatility.

● Details of charges if it is a unit-linked contract. Any double-charging as a result of investing in sub-funds must be disclosed.

● Details of the taxation basis and its consequences on the contract.

For with-profit contracts, the bonus system operated by the life company must be described, including details of the frequency of declarations and the degree of "smoothing" adopted by the actuary. This information on bonus philosophy is likely to be of more use to intermediaries than to individual investors.

Most importantly, investors must for the first time be given the surrender or cash-in values of the contract (transfer values for pension contracts) for each of its first five years.

Surrender values in the early years tend to be low in comparison with the premiums paid because the charges deducted by the company to cover its costs and profits are concentrated in the front-end loadings — a feature that results in considerable anguish and annoyance for investors cashing in early and finding that their original outlay has not been returned.

Now, investors will know at the outset the penalties for early surrender. But they should not select a product or a life company solely on the basis of the highest surrender values in the early years. It depends on how the charges are deducted. Some companies may take all the charges early on but have cheaper annual rates in later years, making them more competitive over a longer period.

However, if a life company changes its basis of calculating surrender values, it must explain the change to investors.

■ Benefit illustrations

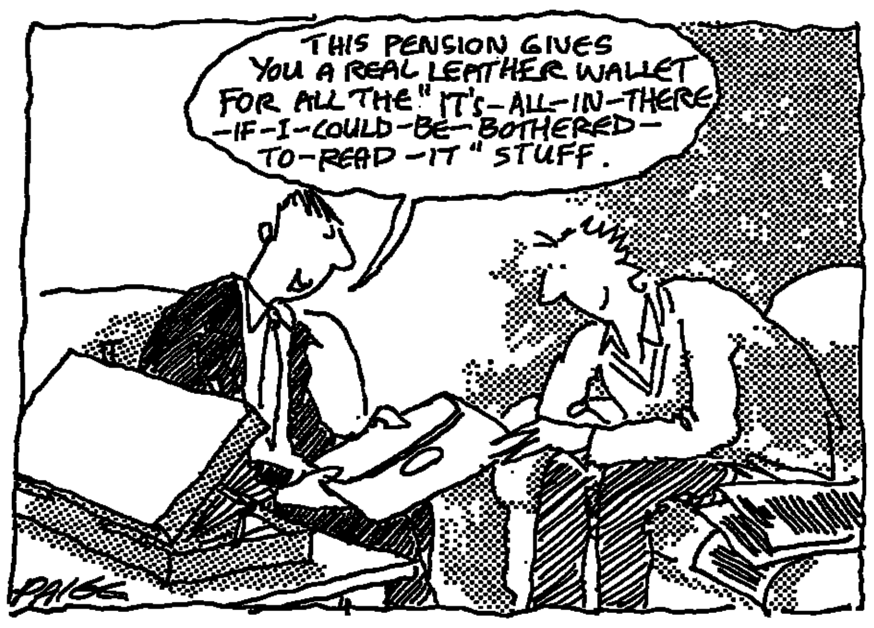
For many years, life companies and salesmen provided potential clients with illustrations of the benefits they could expect when their life contract matured or when their pension contract started making payments. These illustrations were used not only to give an indication of the level of benefits expected but to help clients select the company with the best track record.

Now, all life companies will have to provide illustrations on a standardised basis laid down by the SIB and Lautro. As all the elements in the calculation — investment returns, expenses and mortality — are to be determined on the same basis, all life companies will in future show the same illustrative figure for the same contract.

Indeed, all the life company has to do to illustrate benefits for most of its contracts is to extract the appropriate figure from the tables issued by Lautro. So, independent intermediaries will need to use other parameters in selecting life companies.

Promotional material provided by the life companies and unit trust groups about their products must also now conform to SIB/Lautro advertising rules.

Finally, media advertisements will be subject to these rules - which include providing product information. In particular, any off-the-page selling of life products will require the advertisement to include the surrender value details — a requirement that effectively will kill off this sales method.



Dividend is withheld

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

On February 10, I sold my holding in an investment trust, the shares then being ex-dividend to the buyer. However I did not receive the dividend owed to me, prior to the sale, and my bank, which took my instructions, telephoned the brokers to inform them of this.

After repeated telephone calls, the brokers say that my name was removed from the register before dividend warrants were prepared and they imply that little can be done about this. Their only suggestion is that my bank take the matter up with the registrar but they then add: "You will have no success."

Will you please advise me who is responsible for collecting the dividend due to me and to whom I can appeal if no action is taken?

The brokers are obliged by the terms of their contract with the bank to claim the dividend from the market. Since the choice of broker apparently was made by the bank, not by you, the bank should credit your account with the amount of the dividend forthwith — regardless of whether they are able to obtain reimbursement from the brokers and regardless of whether the amount of the dividend is greater than the commission which the bank received from the brokers.

If the brokers are unable to produce a tax credit voucher to support any claim for tax relief which you may be entitled to make, in due course, then the bank should also credit your account with the amount of the tax credit applicable to the dividend in question.

If the bank demur, ask them to refer the dispute to the Banking Ombudsman.

A matter of possession

In 1979, I bought two houses at 50 per cent of their market value. The tenants in both cases were allowed to occupy the properties rent-free until death. Recently, one property has fallen vacant and I am considering selling.

I realise that capital gains tax rules were changed in the 1988 Budget in that gains made before March 1982 are now chargeable. However, I would like to know if the Inland Revenue, in calculating the tax payable, would take the March 1982 valuation as being with vacant possession or without. In my case, the property in question was tenanted by the original vendors at that time.

The valuation at March 31, 1982, will reflect the actual facts on that day, namely, the right of the occupier to remain in occupation for the rest of his or her life. The solicitor and estate agent who act for you in the sale will be able to guide you on the tax aspects, and to assist in negotiations with the district valuer (after the sale).

In particular, the solicitor will be able to check if the purchase in 1979 fell within section 58(2) of the Capital Gains Tax Act 1979 — this point is not clear from the bare facts given in your letter.

Builder's omission

I received a Town and Country Planning Act Enforcement Notice, with £2,000 fine and £100 per day, in regard to a flat (in a block of eight) purchased by my mother from a builder who obtained planning permission to construct the block. He has done everything demanded in the plan except to build a brick wall to screen the flats from the adjacent property.

1. As planning permission was granted to the builder who owned the site, should he carry out the work?

2. Was the council surveyor negligent in signing the completion form when it had not been completed to the satisfaction of the planning authorities?

3. Was the solicitor who acted for my mother negligent for not seeing that the building work was completed by the builder to the satisfaction of the council?

4. The builder gazumped my mother by £1,000 two weeks before we occupied the flat. If the above three questions do not apply, could this money be considered my contribution to the new wall?

Unfortunately, the obligation to comply with the planning permission is on the owner of the property. Hence, your mother will have to comply with the notice and seek a remedy elsewhere. The solicitor should have advised you of it: you should now require him to procure that the builder indemnifies your mother, or does so himself.

We think that the idea raised in your fourth question will not work because it is for your mother to carry out the work necessary to comply. We assume that the solicitor has not procured a formal indemnity or undertaking to carry out the work from the builder.

Flooded by neighbour

An extension has been built, with planning permission, on to the back of a house which has a shared concrete drive with its neighbour. Since then, the neighbouring house has been seriously troubled with excess rain water which now runs under the garage and into its back garden where the area along the boundary is under water all the time and the lawn is completely waterlogged.

The elderly widow (aged 88) who owns this neighbouring house has approached the local council but has apparently been told that little can be done as the work is finished.

The family who live next door are very good to her in other ways but have not done anything to mitigate this nuisance, although asked. She is now worried about the fabric of her home and garage. What action should she take?

The grant of planning permission does not affect common law rights. If it can be proved that the flooding is caused by the neighbour's extension, the owner of the property which is being flooded can claim damages for nuisance and can also seek an injunction requiring her neighbours to abate the nuisance. She should consult a solicitor.

Trees get the chop

I wish to erect a fence between my back garden and the side of my neighbour's house. There was a line of healthy poplar trees which I reduced in height in order for them to be more manageable. The crown of each was cut to a height of about 4ft 6in.

Unfortunately, my neighbour laid paving at the side of his house as a sunny area for his wife and also a 4ft-high fence. The poplars grow about 2ft inside the boundary and, since I found my neighbour was cutting them back, I now trim them so that none of the branches project in his direction.

However, my neighbour still insists on cutting out branches, presumably to allow more light and view of the hills from the side door and passageway at the side of his house. Also, three of the original 10 have died in the past couple of years.

I believe that I am permitted a 6ft-high fence, but this would be quite ineffectual since my neighbour's garden is 2ft 6in above the level of mine. Can I have posts 8ft 6in long with a fence fixed to them for the uppermost 6ft? The existing boundary line comprises a steel post and rail fence; the posts are seen for their complete height from my side of the fence.

You can erect a fence which is two metres (6ft 6in high) — measured to the top of the fence from your ground level — but no more. Your neighbour is not free to cut or trim your poplars unless branches actually overhang his own land. If necessary, you can obtain an injunction in the County Court to prevent your neighbour trespassing and injuring your trees.

Caution is still needed

INVESTORS will still need to be wary despite the Financial Services Act, the Consumers' Association warned this week.

Rachel Waterhouse, the association's chairman, noted that the new rules — effective from July 1 — would continue to allow projections about future benefits from life assurance products, including pensions, to be made in cash terms. She advised investors not to be "beguiled by telephone number figures."

Instead, they should use the inflation table that must has to be provided to see what the benefits were likely to be in real terms after taking inflation into account.

Noting, too, that independent intermediaries now would have to disclose their commission on a financial product if asked, she said investors should take advantage of this to find out the levels of commission paid to the intermediary on products that are recommended.

Waterhouse also warned investors to be on their guard against doorstep salesmen who would now be able to sell unit trusts and pensions as well as life insurance products.

And she advised investors to avoid doing business with firms that have received only interim authorisation from a regulatory organisation.

John Edwards

Doubts over new funds

UNDER THE NEW unit trust regulations, four new categories of funds should be in existence by the end of this year. They are money market or cash funds; "funds of funds;" and those investing in futures and options or directly in property (as opposed to property shares).

The first two types have been permitted since April 29. A date for the introduction of the others is expected soon.

The limits on assets allowed to be held by unit trusts have been seen by the industry as restrictive, especially compared with insurance funds which have been able to invest in cash and property. But now that a wider range of permissible assets in which to to invest is becoming a reality, opinion is lukewarm.

Keith Crowley, of MIM Britannia, says: "The difficulty at the moment is finding anything you can market strenuously." With more than 40 trusts under management, his group has never been backward in launching new ones where there has seemed to be a marketing opportunity. He says MIM is "considering" all the new categories of fund, but does not expect to launch anything before the end of the year.

There must be some doubt over whether the new types of fund will have much to offer the unit trust investor. When they were mooted originally, most groups were strongly in favour of money market funds. But recent calculations show that because of the tax restrictions on a unit trust compared with a building society account, the trust cannot hope to offer a competitive level of interest, except on rare occasions.

As it happens, the recent rise in money market rates, which has not been matched by the building societies, has created one of those rare cases, according to Peter Pearson Lund of Gartmore. Its Simco fund, now renamed the Gartmore money market fund, is offering a better return than the building societies on large-size investment but Lund does admit this is unusual.

In normal circumstances, the advantage of a cash fund within a unit trust group would be the ability to switch out of equities and back in again with a discount because the money has stayed in the same group. But money market unit trusts cannot issue cheque books or give any sort of guaranteed return. In theory, although it should happen rarely in practice, your money in such a fund is at risk of falling in capital value, like any other unit trust.

Some groups already have suitable products that can be used as a substitute for cash funds. Gartmore, as mentioned, has a money fund and M & G its own high-interest account.

Christine Stopp questions whether they will have much to offer the unit trust investor

Fidelity, meanwhile, expects to launch a cash fund in the autumn. Managing director Barry Bateman thinks the switching discount on offer will more than compensate for a percentage point or two less in interest rates.

The fund will be offered as a convenience to investors rather than being promoted in its own right. It will have no front-end charge and "quite low" annual fees to cover admininistration costs. Such funds will be most useful as short-term parking places rather than as interest-bearing investments in their own right.

Fidelity and MIM Britannia both have their own funds of funds, and are unlikely to look at any more in this category. The new class of fund will allow managers to choose from the whole industry, whereas old-style funds of funds stick to the management group's own range. The first group to bring out a new-style product was Barings; its Select Managers fund can invest in any of the 1,200 unit trusts in existence.

Peter Hall of Barings describes this fund as a means of "sub-contracting best advice" for the broker. Whereas a broker's discretionary managed service will carry a minimum of £10,000 or so, the Select Managers has a £500 minimum investment.

The investment record of funds of funds to date has not set the world alight. John Fairbairn of M & G professes a "rather jaundiced view" of the species. In his view, the investment success of a fund depends on the discipline of its own guidelines. Take away the nitty-gritty of investment objectives, he says, and performance will descend to the lowest common denominator.

As for property and futures/options unit trusts, few groups are showing the slightest enthusiasm, often because they lack the relevant experience and also because they regard such assets as too risky.

Although not exactly a new category of trust, the tailor-made broker fund seems likely to be one innovation emerging from the change in regulations. Bristol's Aegis management group already is setting up trusts on behalf of brokers, enabling them to manage their own authorised fund without violating the polarisation rules.

Gartmore is looking at a similar type of "shell" fund. This could result in the broker bond concept, with its built-in double charge, becoming widespread in the unit trust industry.

Investors would be tied to a standardised product run by a broker who might have no experience of this type of management. In this event, the cost of individualised portfolio management services is likely to increase.

Roll up, roll up

THE MOVE in this year's UK Budget to equalise capital gains and income taxes seems at first sight to nullify the rules introduced five years ago to block the tax loophole being exploited by the "roll-up" offshore funds.

By retaining income to increase the value of their units, the roll-up funds enabled UK residents to convert the income earned into a capital gain taxable at 30 per cent, thus avoiding the higher rates of income tax paid by wealthier individuals.

This loophole was blocked in August 1983 by laws making capital gains earned by these roll-up funds subject to income tax rates, if they were realised by UK residents. An exception was made if the funds qualified for distributor status.

To achieve distributor status, the funds had to comply with a series of regulations, including the distribution to unit-holders of 85 per cent of accruing income. If the funds did not qualify, then UK residents were faced with paying higher-rate income tax — instead of capital gains tax — on any profits drawn out.

Now that capital gains and income tax are imposed at a common rate, the difference between distributing funds and others would appear to have become an irrelevancy since there seems to be little benefit. But is this really so?

In the first place, it must be borne in mind that gains realised from funds without distributor status do not qualify for the annual £5,000 exemption from capital gains tax. That may not be of any great importance to the substantial investor who will undoubtedly use the exemption in any event. However, there is also no entitlement to indexation relief, which allows you to offset the impact of inflation against capital gains made.

There are other factors militating against non-distributing funds, too. Losses realised from one such fund cannot be set off against the gains of another, the former being allowed only against capital gains while the latter is taxed as income.

Furthermore, neither the capital gains tax rule (which permits gains on gifted assets to be deferred or "rolled over" until the recipient makes a chargeable disposal), nor the concession that eliminates all gains accrued at the time of death, are applicable, either.

Of course, if you live or work abroad, none of this will be of any relevance unless and until you take up residence in Britain. While you remain abroad, roll-up funds might well have an important part to play in your investment strategy, notably as a means of holding money in different currencies.

Indeed, even after residence in Britain has been resumed, roll-up funds can in some circumstances be put to good use. Assume, for example, that in order to provide for some known spending such as school fees, you invest £50,000 in a roll-up fund yielding 9 per cent and sell sufficient units annually to provide the required £4,500 each year.

As the table above shows, the amount subject to tax each year is substantially less than if you had invested in a more straightforward manner, such as a building society.

YEAR	ROLL-UP FUND	BUILDING SOCIETY
1	£ 372	£ 4,500
2	£ 712	£ 4,500
3	£1,025	£ 4,500
4	£1,312	£ 4,500
5	£1,575	£ 4,500
	£4,996	£22,500

Such considerations aside, you would do well to liquidate all non-distributing funds before re-entering the UK tax net.

Donald Elkin

Donald Elkin is a director of Wilfred T. Fry of Worthing, West Sussex.

BRIDGE

TWO BOOKS compiled jointly by Terence Reese and Roger Trezel are now available in paperback, published by Gollancz at £2.95. Both are instructive and explained most clearly; I recommend them. The first hand comes from *When To Duck, When To Win*:

N
♠ 7
♥ K 7 2
♦ A J 10 7 3
♣ K Q 5 2

W
♠ K 9 6 5 2
♥ J 9 6 5
♦ 9 5
♣ 9 7

E
♠ A 10 8
♥ Q 10
♦ K 8 6 2
♣ J 10 8 3

S
♠ Q J 4 3
♥ A 8 4 3
♦ Q 4
♣ A 6 4

With neither side vulnerable, North deals and opens the bidding with one diamond. South replies with one heart — choosing the lower of two touching four-card suits is correct — North raises to two hearts and South's three no-trumps ends the auction.

West opens with the five of spades. The ace wins. East returns the 10 and South, let us say, covers with his knave. If West is foolish enough to win with his king, South makes his contract; but if West allows the knave to hold South now runs the diamond queen, losing to the king, and East returns his last spade which enables West to put declarer down with three good spades.

Many a declarer, well-drilled in withholding his ace for three rounds in a no-trump contract, might go wrong here but a thinking player should find the right line. He assumes that West has led from a five-card suit and that East, in that case, has three spades.

He allows the spade 10 to win and covers the eight. West gains nothing by ducking so he wins and switches to a heart. South wins in hand and leads the diamond queen without a care in the world. If it loses, it is the last trick for the defence.

If a clever East plays his spade 10 at trick one, South must still duck to make his contract safe.

Now for another no-trump game which comes from *The Art of Defence*:

N
♠ A Q
♥ Q 7 4 3 2
♦ J 9 2
♣ J 8 4

W
♠ 9 8 7
♥ K 10 9 6
♦ A 10 4
♣ K 9 2

E
♠ K 10 6 5 3
♥ 8 5
♦ D 8 7 6 3
♣ 6 5

S
♠ J 4 2
♥ A J
♦ K Q 5
♣ A Q 10 7 3

South deals at game all and opens with one no-trump (16-18 points). North says two diamonds — a transfer to hearts — and South obediently rebids two hearts. Now North bids three no-trumps, promising a fairly balanced hand including five hearts, and that ends the auction.

West starts with the nine of spades and the queen is played from dummy. An inexperienced East takes with his king and returns a spade to the ace. The two of diamonds is played to the king, the ace wins, and West leads his last spade.

The declarer wins in hand, crosses to the knave of diamonds and returns the club knave for finesse. The king takes but West has no spade and South wraps up nine tricks.

Let us put an expert in the East seat. He allows the spade queen to hold but drops an encouraging six. The diamond two is led from dummy, South's king loses to the ace and West plays another spade to dummy's ace, East completing the peter. Now the club finesse loses to the king and West has a spade left to return. East wins with his king and defeats South's contract with his spades.

This type of duck occurs often.

E.P.C. Cotter

CHESS

FOR A REAL intellectual marathon, try international chess by post. This is a surprisingly popular activity, even though opponents scattered between Santiago and Vladivostok may find their games taking two and three years to finish. Official world championships have been in full flow since 1950 and the game has its own grandmasters and masters.

Hardened exponents find that global correspondence play has its special hazards. You can find yourself in defensive horrors such as a queen endgame a pawn down where you lose slowly over many months. Create a winning position patiently and your opponent might become one of the "silent resigners" who simply stops answering mail and has to be chased by recorded delivery and complaints to the controller. Boards set up wrongly and errors in notation are further minefields.

It is a hard school and its success stories are quiet epics. In 1963, aged 28, an East German chemist named Dr Fritz Baumbach was awarded the international postal master title, itself the fruit of games begun in his early 20s. Baumbach also was a strong over-the-board player; but soon after he won the DDR title in 1970, the sports authorities downgraded chess and slashed the federation budget. The national team and GMs have never since competed in the over-the-board olympics or interzonals.

Left with postal chess, Baumbach decided to aim for the world championship. He qualified for the 1977 final and, after six years, the tournament ended. He was second, just half a point behind the Soviet winner.

Many would settle for that, but the patient German started all over again in the 1983 contest. Just a few weeks ago, more than a quarter of a century after starting postal chess, he became world champion. Kasparov and Karpov never had to face such odysseys.

In this week's game, Baumbach chooses a favourite Kasparov system: as often occurs in postal play, his opponent tries to improve on the book but White's pressure is too strong.

White: F. Baumbach.
Black: A. Danner.
Modern Benoni (world postal championship 1983-88).

1 P-Q4, N-KB3; 2 P-QB4, P-B4; 3 P-Q5, P-K3; 4 N-QB3, PxP; 5 PxP, P-Q3; 6 P-K4, P-KN3; 7 P-B4, B-N2; 8 B-N5 ch, KN-Q2; 9 P-QR4, N-R3; 10 N-B3, N-B2; 11 O-O, P-QR3; 12 BxN ch! BxB; 13 P-B5.

White's plan is a rerun of Kasparov v Nunn, Lucerne 1982, a game which caused many to abandon the once fashionable Benoni. The difference is that on move 10 Nunn played N-N5, while here Black tries to use his QN to prop up his king's defences.

13 ... O-O; 14 B-N5, B-KB3.

Kasparov-Nunn (black N at QN5) finished 14 ... P-B3; 15 B-B4, PxP; 16 BxP, BxRP; 17 RxB, QxB; 18 N-R4! PxP; 19 N-B5, Q-Q2; 20 NxKP, K-R1? (P-N3 is necessary, but 21 R-R3 with R-KR3 and Q-R5 is a winning attack); 21 NxQBP, Resigns.

15 Q-Q2, N-K1; 16 Q-B4, Q-K2; 17 Q-R4, P-KR4.

Weakening Black's king, but the threat was 18 P-K5, QPxP; 19 P-Q6, Q-Q1; 20 N-Q5.

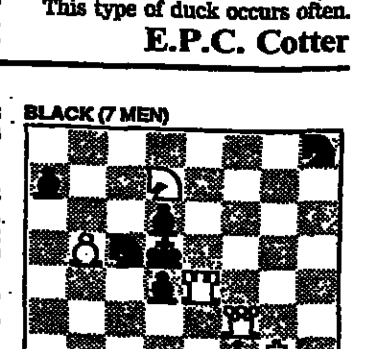
18 BxB, QxB; 19 Q-N3, N-N2; 20 PxP, QxP; 21 Q-B4, P-B4; 22 P-K5! PxP; 23 NxP, Q-Q3; 24 NxB, QxN; 25 P-Q6, QR-K1; 26 QR-Q1, R-K3; 27 N-Q5!

So that if RxP? 28 N-K7 ch wins the exchange.

27 ... K-R2; 28 N-N6, Q-B3; 29 P-R5, R-K7; 30 N-Q5, R-Q1; 31 N-B6 ch, K-N3; 32 R-B3! Resigns.

Black loses material (KxN; 33 Q-R4 ch and 34 QxR) with a poor position.

BLACK (7 MEN)



WHITE (5 MEN)

PROBLEM No. 729

White mates in two moves against any defence (by J. Pospisil). White's potential discovered checks with his rook leap to the eye, but the difficulty is the Black king's escape route via QB5.

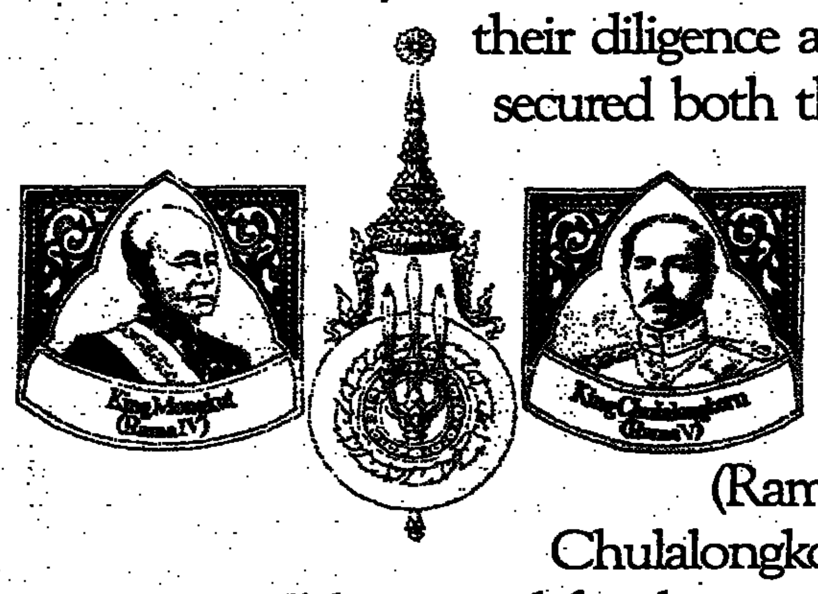
Solution Page XVII

Leonard Barden

"We Will Reign with Righteousness, for the Benefit and Happiness of the Siamese People."

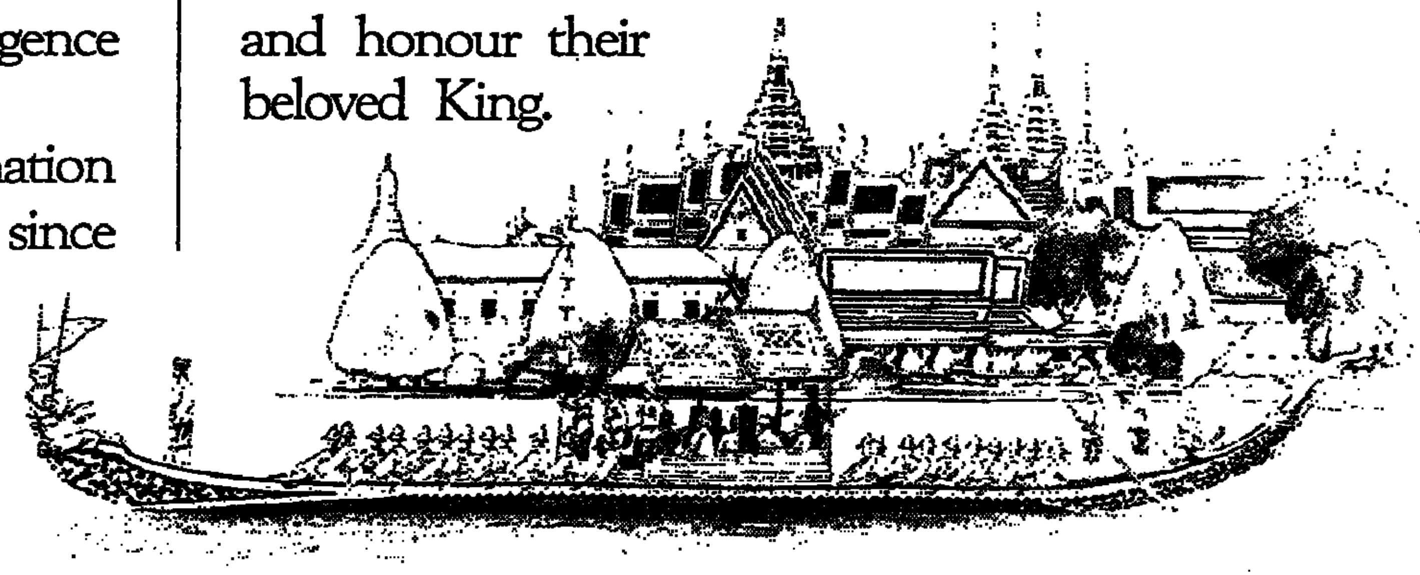
This solemn promise, the coronation pledge of Thai Kings throughout history, was affirmed by His Majesty King Bhumibol Adulyadej on being crowned Rama IX, ninth sovereign of Thailand's Royal House of Chakri. On that day, King Bhumibol Adulyadej became heir to the aspirations and the cares of the Thai people. It was indeed a heavy responsibility for the young monarch, who had succeeded to the throne on 2nd July, 1946 at the age of only eighteen.

His Royal forebears of the Chakri dynasty by their diligence and farsightedness secured both the independence and cultural integrity of the Thai nation. Such great figures as King Mongkut (Rama IV) and King Chulalongkorn (Rama V) are today still honoured for the prosperity their reigns brought to the people of the Kingdom, and for the crucial part they played in the emergence of modern Thailand.



The hopes and prayers of the Thai nation have been answered in the forty-two years since His Majesty King Bhumibol Adulyadej ascended to the throne. His Majesty's devotion to his people has been tireless. He has travelled the length and breadth of his Kingdom, personally initiating many projects, both large and small, to further the happiness and well-being of all his subjects. No village is too remote, no task too arduous. Thanks to his keen intellect and caring nature, he has developed a deep understanding of the daily lives of the many and diverse peoples who together make up the Kingdom of Thailand.

On July 2nd 1988, His Majesty King Bhumibol Adulyadej becomes the longest-reigning monarch in the entire history of the Thai nation. Throughout the country, his people rejoice, not merely in celebration of this Royal milestone, but also with gratitude and pride. For the reign of King Bhumibol Adulyadej has been an outstanding period of achievement and advancement for the Thai nation. On this happy occasion, the people of Thailand salute and honour their beloved King.



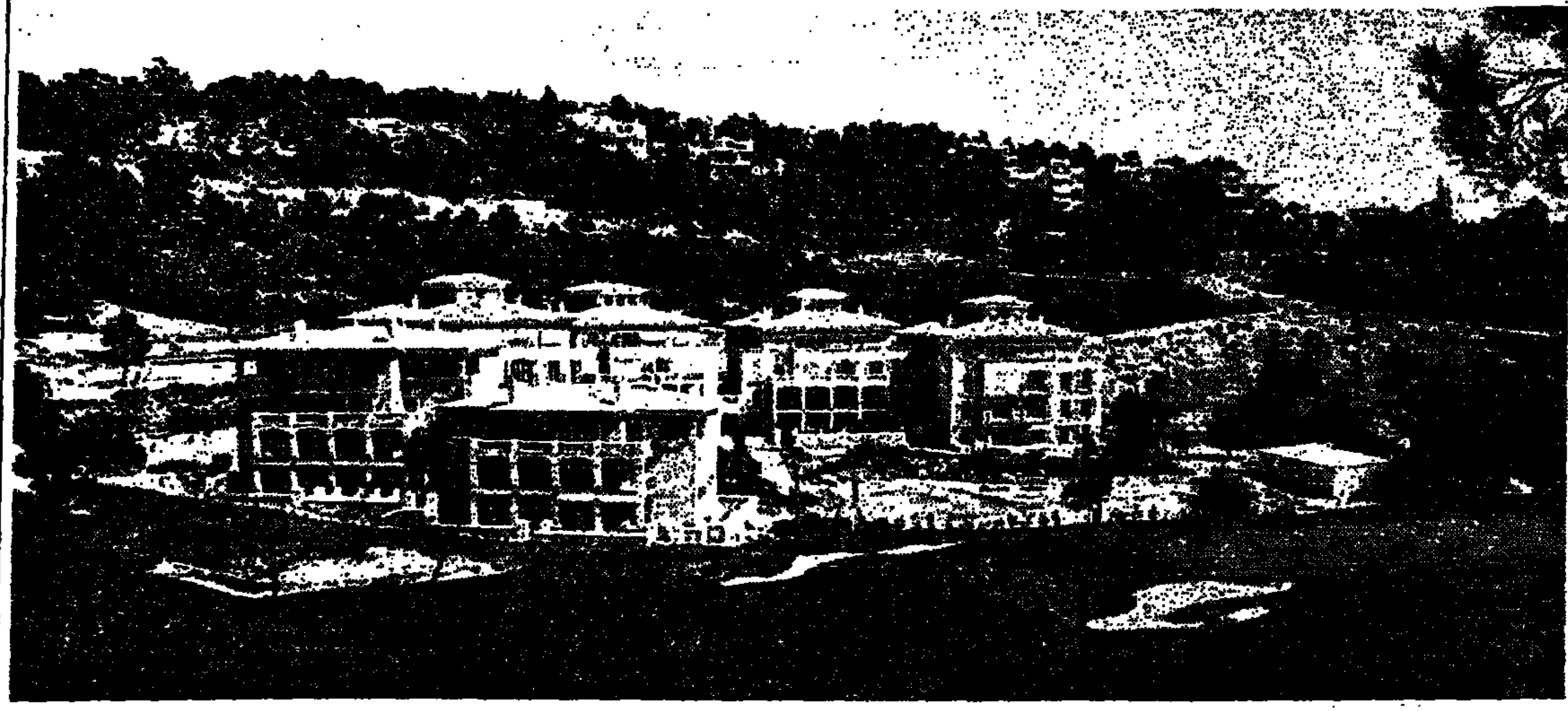
A Joyous Era In The History Of The Royal House Of Chakri.

Thai

International Property

PROPERTY

Audrey Powell on how the Balearic island is seeking to gentrify its image



Golf apartments at the Bendinat Estate near Palma de Mallorca

Majorca launches drive for golfers

MAJORCA HAS discovered golf. It is not a sport you associate with this Balearic island, which gets 3m package tourists a year. Up to five years ago, there were few courses. In the past couple of years, though, Majorca has become golf-minded.

Now, there are probably 10 to 12 with others being built and planning permission being sought for more. You hear estimates of 22 courses in three to four years. And although some are only nine holes, the Balearic Golf Federation is insisting that all on the island eventually should be the full 18. As a result, more people are learning to play.

Majorca also is building marinas. From the air, on each visit, you see them extending like fish skeletons from the island's 300 miles (480km) of coast. So far there are 25 of varying sizes, with others in the planning pipeline.

All this has to do with Majorca's changing image. Like many Mediterranean resorts, it has tired of some of its annual holiday-makers and would like to be more selective. Golf brings a different type of visitor – and for a longer season, while marinas equate to boat-owners, who also fit the revised picture.

While the authorities aim to encourage the better-off visitor or foreign resident – the island has 60.000 British residents already – developers are making provision for them. Top of the new-image market must be Bendinat, a project that has echoes of Port Grimaud in the south of France; the same architect, Francois Spoerry, has been responsible for part of the Majorcan development.

So here, too, you have rows of tall properties, each slightly different and colour-washed in faded pastel shades. Some look as if parts had been added – a roof extension, an enclosed balcony – as happens with old properties. This is all a trick, of course; building began only four years ago.

The Bendinat estate was 850 acres (344 ha) of land covered by pine and scrub, sloping steeply to the coast at Illetas on the outskirts of the island capital of Palma. Now, sections are being developed in contrasting ways.

The Anchorage village, built to resemble old Majorcan houses, is on the waterside. Its centre is the Club – library, bridge rooms, restaurant. Rows of "old houses" extend behind it at different levels, providing a total of 178 apartments. Most have been sold but a few more are being built, priced from £150,000 to £250,000.

Drive half a mile (0.8 km) through the scrubland and on the higher ground is the second main development area where a golf course, the Royal Bendinat, has been built, complete with large clubhouse. Its nine holes are soon to become 18 and Spain's king is its honorary president.

Beyond, and looking down on the fairways, are a series of octagonal blocks of flats. A further 58 apartments are being added in four-storey blocks with indoor and outdoor swimming pools. Work begins in September but they are being offered now, from plan, at between £75,000 and £140,000. So far, buyers in these sectors have predominantly been British or German.

The next stage of Bendinat's development programme will be detached villas looking out over the bay. There is a limited range of exterior designs, by Spoerry or a Majorcan architect, from which buyers may choose, although interiors can be varied. Prices go from £250,000. There also are some plots for those who prefer to have their own design entirely. Land for these is £70,000 to £100,000 a plot.

Bendinat has sales offices in the Anchorage village; at 163 Brompton Road, London SW3 1HW; and in Düsseldorf.

Several other island projects are tailored to what one developer calls "the other Majorca." There is Sunset Gardens, at Nova Santa Ponsa. Here, 26 flats, due for completion in July, include penthouses of 3,100 sq feet on two floors with two terraces and rooftop plunge pools. Price: £220,000.

The development is close to the new marina at Portals Nous and a further golf course under construction at Santa Ponsa. The scheme is being handled by G. D. Properties of 1 Fulham High Street, London SW6 3JH.

Geoffrey Cutter, a G. D. director and former resident of Majorca, knows the island both from the land and sailing viewpoints. He suggests that among areas the sailing man might consider is Cala Llonga, "the most beautiful and safest marina on the east coast." It is soon to be enlarged and an 18-hole golf course is planned close by.

Then there is Porta Petro, a fishing village near Cala d'Or. The bay has a small marina and a sailing school and a rather special house is offered by G. D. in the area. It was built several years ago by a French couple and comprises the main house right on the water's edge plus a separate building with guest bedrooms. Price: £750,000.

British buyers have shown increased interest in Majorcan properties since the October share crash, says another London agency, Ellis & Co (17 Highfield Road, London NW11 9PJ). According to Ellis, some people looking for a safe investment had decided to buy holiday homes but they saw the Costa del Sol on the Spanish mainland as being less attractive and becoming too over-developed.

Ellis says: "For something fairly exclusive in Majorca, we would probably recommend apartments at Puerto Portals – two to four bedrooms on the beach with an entrance courtyard from £55,000 to £240,000."

There is also British contractor Taylor Woodrow's project, Vistabella, near Cala Ratjada in the north-east corner of the island, where prices are lower. The two-storey development consists of flats overlooking the water, with parking spaces and swimming pool, selling from £45,000. Two golf courses are nearby.

Taylor Woodrow has been operating in Majorca for 25 years and its name must be reassuring because Ellis notes that there have been a lot of enquiries about this development from young couples looking for middle-market homes.

All under one roof

WHEN YET another housing book leaves the presses it is hard not to wonder if the shelves will take any more vague advice, subjective character sketches of London "villages," or blandly naive explanations of how to make a swift million in development, written by people whose only brush with gearing involves calling out the AA. Thankfully, editing author Carrie Segrave has managed to create an amiable monster of 624 pages called London Property Guide '88 (Mitchell Beazley, softback, £9.95) that admirably justifies its not insubstantial shelf space.

No-one is likely to cross-check the publisher's contention that Segrave and her 36 local correspondents have turned in no fewer than 330,000 words on most aspects of housing in London. Apart from coverage of the main trends in the London property market as a whole, a review of the capital's changing politics, its commercial life and communications, it also includes information on home buying and renting in the capital.

Its main strength is an area-by-area analysis of the local property markets in a vast central slice of Greater London that follows closely the familiar area codes of the A-Z London Street Atlas. Each area has a sketch map, its A-Z reference, relevant postal districts, the borough and the political colour of its council, domestic rates charges and a weighted average of how the area is regarded as a household contents insurance risk. Transport details and the main schools in the area are covered, as well as a price guide for the most common property types in the area.

That is backed by a chatty stroll through the local streets, thankfully light on purple prose and sufficiently detailed to help home movers and new buyers to decide whether they want to see the place for themselves.

The "88" of the title does reflect plans for an annual update, and while this evident willingness to repeat such an exhaustive exercise raises doubts about, and concern for, Carrie Segrave's sanity, it is a welcome decision for anyone interested in living in London. Like the A-Z itself, the London Property Guide helps demystify a bemusingly complex city.

John Brennan

London Property

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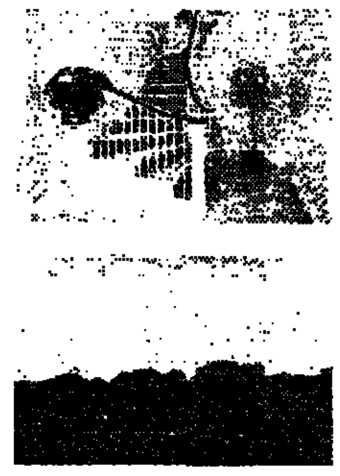

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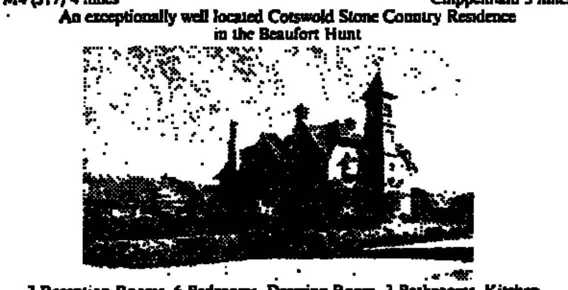

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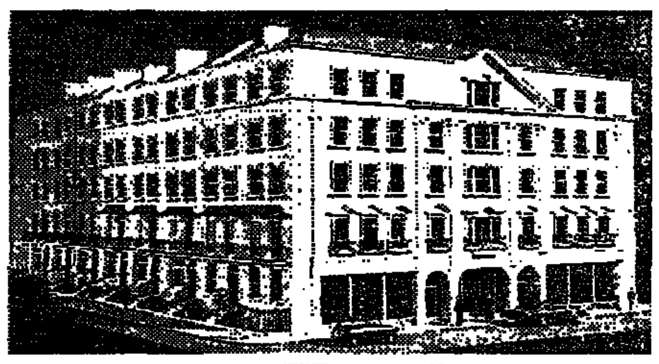

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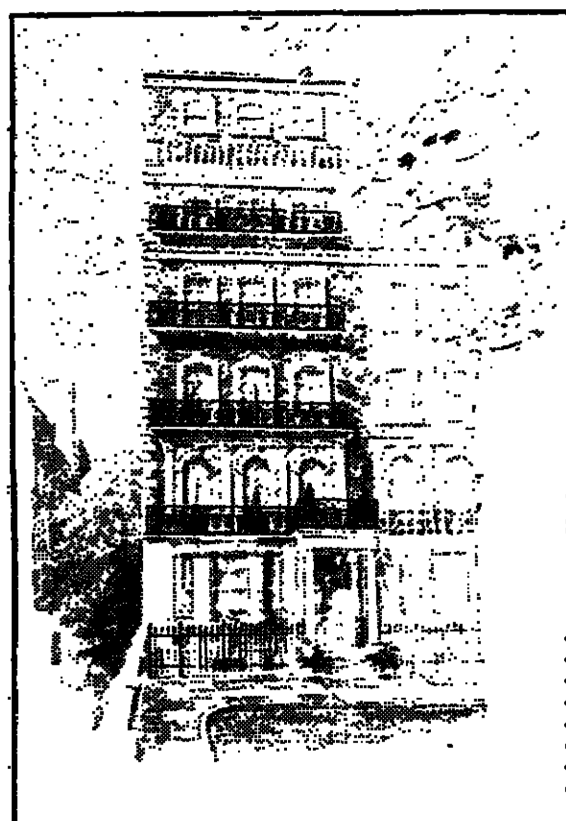

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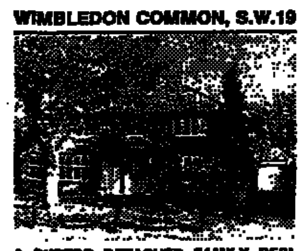

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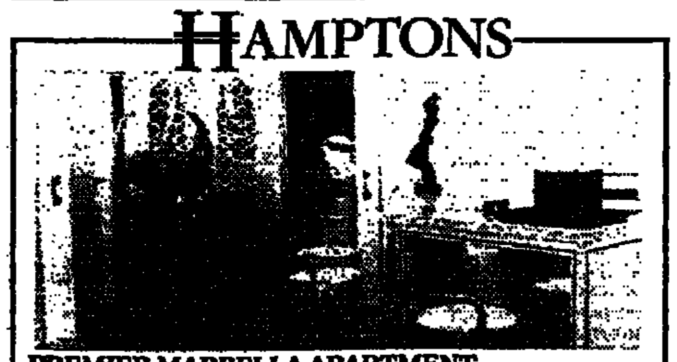

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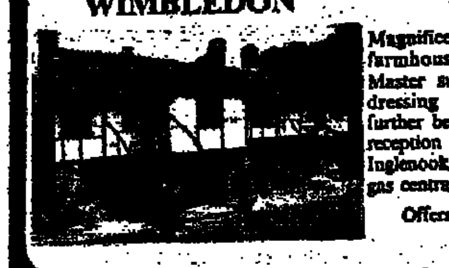

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Arthur Jacobs visits a city that's a work of art

Florence and her neighbour

ITS BRIDGES across the Arno, its palaces, churches and statues make Florence not merely a supreme home of art but a work of art itself – and, for almost the whole year, a magnet for tourists who cram the car-laden streets. The result tempts one to apply to the whole city the description given by a guidebook to one of the leading hotels: "The views are spectacular, but so is the noise."

An alternative available to the independent traveller is to choose to stay at the little hill-town of Fiesole some eight miles away, 800 ft higher in altitude and consequently a little cooler. Its population is about 15,000, that of Florence nearly 500,000. It is hard to realise that until it was sacked by the Florentine forces in 1125, Fiesole was actually the dominant town. But dominant it remains in situation, perched on a conspicuous hillside looking down across cypress woodlands to the roofscape of Florence itself.

The frequent No 7 bus from Florence railway station reaches Fiesole in scarcely half-an-hour. Since the last departure is not until after midnight there is no hurry to leave a late dinner, or a concert or opera at the Teatro Comunale.

Far from being a mere feeder town, Fiesole is a place of charm and antiquities, ranking as one of Italy's significant centres of Etruscan remains (both on the ground and in its museum). A venerable Franciscan monastery with surviving cells is only a few minutes from a fine Roman amphitheatre which was the first in Italy to be reclaimed (in 1911) for modern performances.

The compactness of Fiesole, centred on its main square, is part of its attraction, as are the small shops and the many cafes and restaurants with open-air tables. At weekends the centre of Fiesole cannot escape the noisy bustle of any Italian town, but a path off the Via Verdi leads the walker (the motorist must take the main road) to the utter quietness of the 15th-century Villa San Michele, supposedly designed by Michelangelo and now a 28-room hotel with breathtaking views from the hillside.

Fiesole even offers the visitor a summer festival of music and arts (generally in July and August), though not competing in prestige with the Maggio Musicale of Florence, which runs spasmodically from late April to early July.

For all the attractions of Fiesole – above all, its sense of refuge – the visitor may well feel that to stay in Florence itself gives the great advantage of an easy, early-morning start to sightseeing. Most Florentine galleries, the Uffizi being an exception, are infuriatingly liable to close just after midday.

Last summer, my wife and I decided to split our holiday time between the city and the hill-town. Fortunately, the official list of Florence's hotels includes those of Fiesole as well (there are only six). Instant booking during the high season is as thorny as one would suppose, but by giving about a week's notice we found modest, agreeable double-bedded accommodation in Fiesole at only £19 per room per night (excluding breakfast) at the Villa Sorriso.

In Florence itself it is possible, even in high season, to find comparably inexpensive accommodation, central but quiet, though perhaps a little down-at-heel. By prospecting on the Oltrarno or left bank of the river we hit on the Pensione Adria, a few yards from Michelangelo's bridge (the Ponte Santa Trinita). We not only took breakfast in a room with a river view but were told that it had been used for the film of *A Room with a View*. A double room, with minimal breakfast, cost about £25 per night and was available at a week's notice.

We appreciatively savoured both locations, though my own final preference, would be to stay in Florence itself if a quiet hotel room is available. While it is not possible to avoid crowds in season, it is worth making a careful choice of visiting hours. On a late afternoon in late June we stood in the Uffizi before Botticelli's The Birth of Venus and shared the experience with not more than half-a-dozen others. There are noteworthy sights still undiscovered by most tourists – among them the Palazzo Davanzati (near the central post office), equipped and furnished to display a noble house as it was lived in during the 14th to 16th centuries.

We ate agreeably and inexpensively, near the Pitti Palace, at the well-known Mamma Gina's on the Borgo San Jacopo, and near the Teatro Comunale at Da Mario on the Borgo Ognissanti, which claims to serve only Florentine specialities.

■ **Arthur Jacobs flew by Citalia charter from Gatwick to Pisa: a number of charter and regular flights are available by this route, others from Heathrow. Train direct from Pisa Airport to Florence takes about 45 minutes.**

Michelangelo's David in the Piazza della Signoria

Roger Beard samples real local Italian cuisine

Donkey day menus

WHEN THIS writer brings out the Italian plates at dinner parties, the glaze in the guests' eyes equals that on a Peking duck . . . they are that dire.

Not that the rest of the crockery is much to write home about: Limoges seconds which chip at the sight of a cleaning lady's rubber glove, together with those jugs and dishes shaped like cows, geese, or fish taken straight from the window of a succession of French hardware stores. But at least these are white.

The Italian plates are heliotrope, splashed with rough brush strokes guaranteed to clash with everything else on the table. What is worse, their rims are lettered, if not with "A Present from Rimini" at least with the names of unlisted restaurants and unfashionable places.

They look, in short, as if they come from a fairground or a shop at the end of the pier . . . a view reinforced by the primitive hand-painting, more Disney than Dresden, that leaps out from them. These are definitely not plates from which to eat.

Yet the more our guests wrinkle their noses, the greater our attachment to those brash Italian plates, for they hold the key to a unique gastronomic tour of Italy which will take us more than one summer to complete, through by-ways and small towns from Piedmont and the Alps to Calabria and Sicily.

Each plate is from a family-owned restaurant, attached to the Ristoranti del Buon Ricordo chain, an independent body dedicated to the preservation of Italy's finest contribution to international cuisine, those intensely local dishes which are already difficult enough to find and could soon become a thing of the past.

Under the patronage of the Italian Academy of Cooking, some 95 restaurants undertake to provide typical local food, and for those who order it comes a memento at the end of the meal – a hand-painted plate depicting a specific dish; in other words, one of our Italian jobs. In the manner of all things Italian, there may be some overlap between the regions but most of the food on offer, say in Calabria, would be as foreign as faggots to a visitor from Florence.

Take just one plate – from the Ristorante Pinocchio, in the small northern town of Borgomanero. It shows our puppet friend deep in conversation with a donkey, and commemorates one of the least likely meals offered today in Piedmonte – *tapulon*: marinated, minced donkey, usually served with polenta.

It also illustrates the first rule of Buon Ricordo travel. You start in search of a meal you would never normally eat, and fetch up in a town you would never normally visit, few of which feature in the national guide books and most of which amply reward exploration. Borgomanero, for instance, is a dusty industrial town on the surface with a wealth of mediaeval detail just under the skin.

Using the Buon Ricordo list, you can play the eat and see game through every region of Italy, and learn more from each lunchtime than from a fortnight trudging round the museums. For Italians eat the way they sing, noisily and with gusto. Meals for them are an open and family occasion, which would not be tolerated in the more obvious tourist traps. In the larger Buon Ricordo restaurants, and many can and do seat several hundred, the place is awash with noise and small children.

If the first law of travel is to eat where the people eat, the second is to eat what they eat. The local dish that brings you your plate will be indicated on the menu, and, since many of the ingredients are unusual, it is best to eat first and ask what was in it later.

Risotto con lumache as served at the Al Bersagliere, Goito, Lombardy – yet another town not in the guide book – does restaurateur Roberto Ferrari proud, as does the *burrida S. Pietro* which Angela Bonati serves up at the Taverna del Corsaro, Portovenere, in Liguria. Rice with snails and fish stew just don't have the same anticipatory effect on the salivary glands.

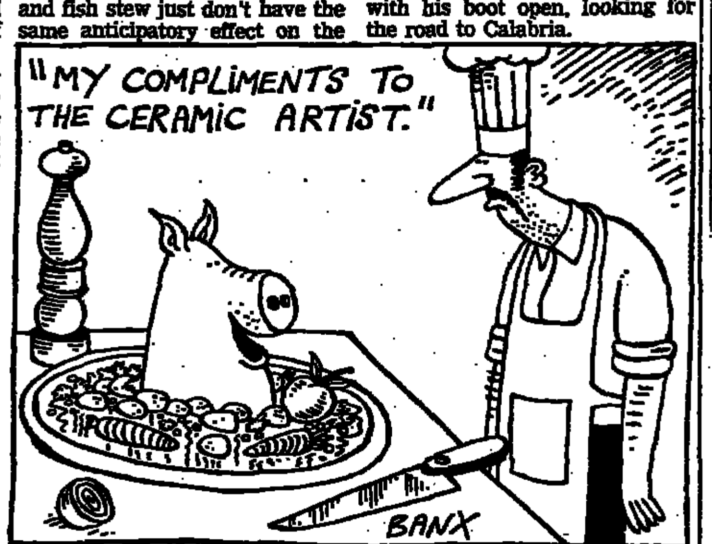
And so the list goes on, of good food served up with pride and skill, from the *baccalà* at Vicenza to the *spaghetti alla puttanesca* at the Saracino, Agropoli. In the province of Emilia Romagna alone you can walk off the effects of superb Italian eating in towns as diverse as Bagno di Romagna, Brisighella, Caorso, and Massa Lombarda, let alone the better known Ferrara or Bologna.

So successful has the Buon Ricordo chain become that it has produced a development its originators could not have envisaged. Italians do not just eat the food, they collect the plates, whether or not they have visited the restaurant concerned. In some cases they will speed between three in a lunch-hour to order the speciality and pick up their memento.

Since a family of six is entitled to six plates from the same restaurant, just like stamps there are many swaps. And also like stamps, rare plates from restaurants which have either gone out of business or changed their menu have their own market value – rumour has it up to £1,000 each.

If you imagine vociferous Italian families clattering their summer vacation away in search of plates, however, think again. Such ceramic goodies are not simply tossed on to the back seat of the family Ritmo. They are carefully stored on custom-made plate racks, in the boot, in rows of six.

The next time you round a corner to be confronted with what looks like a mobile dresser somewhere south of Naples, worry not. It is likely to be a Milanese with his boot open, looking for the road to Calabria.



DESPATCHES
• Ivory Coast •

An eerie African shrine

WEST AFRICA is not one of the world's great tourist destinations, and few of the visitors who go to the humid and low-lying coast bother to make their way into the interior.

Since Conrad's day, however, considerable light has been shed on the heart of darkness. After a millenium of fabulous tales about the wealth of distant Timbuktu, the European explorers who reached there at the end of the last century arrived too late, and were greatly disappointed in its scale, poverty and seediness. This cannot be said of a modern-day Timbuktu known as Yamoussoukro.

Hidden deep in the forests of the Ivory Coast, Yamoussoukro is everything that Timbuktu proved not to be. Costly beyond the average African's wildest imaginings, and as grandiose and opulent as anything ever dreamed up in the West, it is one of the stranger cities of the world.

Yamoussoukro would still be the small and unremarkable African village it was 40 years ago were it not the birthplace of Felix Houphonet-Boigny, a wealthy tribal chief and political ruler of the Ivory Coast since independence from France in 1960.

There are many African leaders who set up lavish headquarters in their home villages. But none has gone as far as Houphouet. He has transformed remote Yamoussoukro into both the Ivory Coast's political capital and an enormous shrine to himself.

Houphouet is omnipresent. Yamoussoukro is not, however, merely associated with Houphouet – it is Houphouet, a place of solid emanations of the man in the form of imposing buildings and acres of artificial, lily-covered lagoons.

That most of these highly expensive constructions have little real function and are hardly ever used is beside the point. For the visitor flying in over Yamoussoukro's beautifully-kept 18-hole golf course and landing at an airport built to handle a Concorde, the city must seem like an African Las Vegas, a glittering entertainment lost in a lifeless desert of thick bush.

But for the traveller who drives there from Abidjan and the coast more than 150 miles away, the opposite is true: the bush is populated and heavily worked while Yamoussoukro is an eerie, near-ghost town.

The luxury-class Hotel President, with its panoramic restaurant, is at least used – it is the scene of many a lavish international conference examining the woes of under-development. Not so much can be said of the long-completed but unopened multi-million-dollar complex known as the Houphouet-Boigny Foundation for Research on Peace, replete with an "honourific esplanade" and a 2,500-seat congress hall equipped for simultaneous translation in eight languages.

Nor is the Maison du Parti, an enormous rotunda of marble, rare wood and beaten gold, used much, for it is opened only once every five years for the congress of the state's single political party. Not even Houphouet's palace is lived in for most of the year.

There are only 30,000 inhabitants in this miles-wide city. Industry is banned from Yamoussoukro and only in theory does it function as a capital. Even the president has recognised the impracticality of operating from the middle of nowhere and all political and government machinery has remained in Abidjan.

Two particular types of being continue to thrive in Yamoussoukro, however - basilica-builders and sacred crocodiles.

Brought up an animist, Houphouet was converted to Catholicism as a teenager. Now 83, he is realising a long-held dream: constructing in his birthplace a basilica rivalling St Peter's in Rome.

The sacred crocodiles are a deeper element of the Houphouet psyche. Every evening, dozens of these enormous reptiles are fed on the edge of a lake beside the palace. In a macabre ceremony, chickens are thrown towards the waiting jaws.

Along with the the tree in the palace grounds under which human sacrifices used to be made, the crocodiles are evidence that neither Houphouet nor Yamoussoukro has escaped an older Africa that surrounds them on all sides.

Nicolas Woodsworth

Motoring

Put the car away dear

WHAT DO YOU do with your car if you have to go abroad for, say, six months? If you have a garage, there is no real problem. You make sure the tyres are blown-up properly and that the battery is charged fully and then disconnected.

Then, off you go, feeling fairly confident that the car will not have suffered and will spring to life when you get back. It probably will, especially if you have been away in the milder months and the car is fairly new. But if you have no garage, then you have a problem.

A kerb-parked car left for six months in many urban areas will have been stripped of anything worth stealing or vandalised (or both) long before you get back. If you let your house, the tenants will expect to use the garage. And if you fill the garage with household things you prefer them not to touch, they will not want your car to be dumped in the drive.

Selling it would, I suppose, be one answer, especially if you are staying away for more than six months or even just for a complete winter.

Britons working abroad have faced this problem for a long time. A friend who was a British ambassador had his own solution. Every time he came home on leave, he bought a car at a local auction and put it under the hammer again just before he went back. He reckons that over the years he saved thousands of pounds in rental charges – and even made a small profit now and again.

A firm in Steyning, West Sussex, has come up with another answer. Carbank (0903-815883) offers a service tailored specially to the needs of expatriates, businessmen and diplomats. It stores cars in dry, secure conditions for between £6 and £18 per week, plus VAT. How much you pay depends on the size of the car and the maintenance you want it to have.

Carbank will collect and deliver to or from anywhere in the UK, air and sea ports included. From Gatwick or Heathrow, for example, this costs £30. Storage insurance can be switched to full road cover if the owner comes home unexpectedly and wants to use the car.

Driving with family and luggage to the airport at the end of your leave, and then handing your car over to Carbank's representative, has to be better than doing battle with public transport. And, on your return, you can be certain it will be in the condition it was when you left. That must add spice to any keen motorist's home-coming.

Stuart Marshall

Mitsubishi Galant 2000 GLSi four-door saloon

JUDGING BY the constant introduction of go-faster developments of family-type cars, you would think they could be given their heads on Europe's motorways without their drivers getting fined or worse.

In Germany, it is legal (although not always possible) to go as fast as you wish on much of the autobahn network. In Italy, the police do not seem greatly troubled at present by speeding on the autostrada. But in other countries (notably France and Holland), the chances of being caught for limit-breaking are high and climbing.

In Britain, to go over 100 mph (161 kmh) is to put your licence at risk. The more sporty-looking the car, the greater the chance of attracting unwelcome attention, which is why you see Porsches being driven quite soberly on the motorway while the Cavaliers and Escorts, Sierras and Astras go zipping by. Always the L models, have you noticed?

The new, 160-horsepower, 1.9-litre Peugeot 405 Mi 16 (£14,995 and a claimed 136 mph/219 kph maximum) has modest side skirts and a bootlid spoiler. The two-litre, 143 bhp Mitsubishi Galant (to similar specification, £14,169 and 128 mph/206 kph) has neither and looks a little less conspicuous as a result.

Volkswagen, which started the trend years ago with the Golf GTi, has unveiled a prototype Super Golf for the 1990s. It has a 160-horsepower, supercharged, 1.8-litre engine and Syncro four-wheel drive transmission that would match tyre grip to vivid acceleration on slippery roads. VW is to decide later this year if it is to go into production. My bet is that it will.

The same engine (although not the Syncro transmission) will be in the VW Corrado, a super Scirocco sports 2+2 which makes its UK debut at Britain's motor show in Birmingham in October.

Legal Notices

No. 003302 of 1988
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER of
CAPARO INDUSTRIES PLC

AND IN THE MATTER of
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 20th June 1988 confirming the reduction of the capital of the above-named Company from £39,700,000 to £4,082,000 and the Minute approved by the Court and showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on 24th June 1988.

DATED this 2nd day of July 1988

Berwin Leighton
Adelaide House
London Bridge
London EC4R 9HA
Ref. IL
Solicitors for the above-named Company

No. 001602 of 1988
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
MR. JUSTICE MILLETT

IN THE MATTER OF GRAND METROPOLITAN PUBLIC LIMITED COMPANY
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice Chancery Division dated the 13th day of June 1988 confirming the cancellation of the share premium account of the above-named Company from £425,994,992.95 to nil was registered by the Registrar of Companies on Thursday the 16th day of June 1988.

DATED this 24th day of June 1988

Slaughter and May (MRL/IT/RLH)
35 Basinghall Street,
London, EC2V 5DB
Solicitors for the above-named Company

• D I V E R S I O N S •

Cream of steam

"I SELL here, Sir, what all the world desires to have . . ."

So said Matthew Boulton in 1776, the manufacturer and engineer who introduced James Watt's steam engine.

His assertion greets visitors to the Science Museum in South Kensington, London and "the most important collection of steam engines anywhere in the world" – according to Dr Neil Cossons, the museum's director.

The new power gallery cost about £2m. Its flagship is a big Lancashire mill engine, in bright red livery, which runs on live steam from a package boiler newly installed just outside the gallery.

For nearly 70 years, this 700-horse power compound steam engine turned 1,700 looms for the Harle Syke Mill in Burnley. It is of a type which kept the wheels of much British industry turning for half a century and throughout the First World War until it was supplanted by the electric motor in the 1930s.

What is the lure of steam that makes folk flock to steam fairs and steam excursions, buy expensive steam-powered toys, and refurbish old locomotives and traction engines? Is it, as one enthusiast believes, "a reverence for old age, or the sturdy construction that seems to defy time?"

Steam is the most pervasive technology of our time, and will remain so as far as we can see into the future. It is the fluid that provides nearly all our electricity, a constituent of much of our industrial chemistry, the power that propels the nuclear submarine. It is also believed widely to be benign, a vapour that can comfort, relieve, revive and heal.

The roots of Britain's industrial wealth and international influence lie in inventions for harnessing steam. From Thomas Newcomen's atmospheric beam engine of 1712 for "raising water by fire," steam engines kept Britain in the forefront of technology for more than two centuries.

James Watt made the first – perhaps the greatest – contribution to energy conservation. In 1763, he was asked to repair a model of an atmospheric steam engine for Glasgow University. Watt was curious to know why it should need so much steam. This led him to invent the condenser, turning steam back to water, from the engine itself.

"You need not fash yourself anymore about that, man; I have now made an engine which shall not waste a particle of steam," Watt boasted in 1765.

Steam took another big technological leap in 1782 when Watt invented his rotative engine; making it demanded a higher standard of engineering precision than industry had known before.

The steam engine's evolution is displayed in a sequence of some 30 models, flanking the lumbering mill engine which is now in steam daily. Many of these models can also be operated, either by hand or with compressed air. They carry the story along for well over a century to the oscillatory engines of Henry Maudsley, the biggest of which were built for the liner, Great Eastern, in 1858.

High-pressure steam arrived around 1800, pioneered by Richard Trevithick with his "Cornish boiler." The fire-tube boiler, which made possible the railway locomotive, appeared almost simultaneously in France (through Marc Seguin in 1828) and Britain (through Stephenson and Booth in 1829). It ran first in the Rocket in 1830.

Towards the end of the century, Sir Charles Parsons was developing his steam turbine which produced rotative power direct from a jet of high-pressure steam. "Look here, you fellows, I have an engine here which is going to run 20 times faster than any engine today," he boasted in 1878. Within three years, the Parsons Radial Flow Turbine could match the best reciprocating engine of the same power output.

The new power gallery has been fashioned from the rather fusty old entrance hall of the Science Museum. Cossons says its designers are striving for an "inspiring and uplifting impression" from the array of classical 18th and 19th century engines which greets its visitors.

Long white drapes hang from the third floor, creating a curved screen which conceals the hind quarters of exhibits on the floors above. This screen is used to project a continuous series of about 800 images in rapid succession that tell in pictures and sound the story of man's efforts to harness energy, from animal muscle, wind and water to steam turbines.

Dr Cossons hopes the images, and the sounds of live steam, will help to pull people more quickly into his museum. He sees the new gallery as the launch pad for a revitalisation of the entire museum by the end of the century.

David Fishlock

'It's like running a high-speed train service with steam-age signals.' **Christian Tyler** on Europe's troubled air services

More unhappy landings ahead

ATHENS: Among the sweating passengers on the delayed flight to London is a Greek businessman, staring frantically at his watch. He is going to miss his connection to Chicago. Sorry, says the stewardess, we're waiting for the charter flights to leave us a gap. "But this is a scheduled flight," rages the businessman. "It's no good shouting," interjects an American passenger. "There's nothing she can do about it."

CHICAGO: It is Friday night rush-hour in deregulated America. The plane from Salt Lake City is still waiting for a vacant parking slot on the terminal. Five more aircraft are coasting down the flight path behind it, like space invaders in a video game. The time between one taxiing off the runway and the next touching down is just 13 seconds. Then the night turns red with flashing lights as the emergency brigade roars into action. Perhaps someone got too close.

PARIS: It has taken ages to board the Airbus for London because a new machine for stamping boarding cards keeps jamming. The plane has missed its take-off slot. Time in the air: one hour. Time on the ground: one and a half hours.

LONDON: The plane now departing for Athens has been crawling for over an hour in a traffic jam that winds half across Heathrow. With a following wind we will make up time in the air, the pilot says, soothingly.

* * *

THIS catalogue of delays suffered by one passenger in recent months is not untypical. But it is nothing compared with the delays people are going to experience all over Europe as the summer holidays begin. Things are unlikely to improve before the mid-Nineties, if then. Christopher Tugendhat, chairman of the Civil Aviation Authority, has warned that if safety is to be maintained, delays are inevitable for the next few years.

Lufthansa, the West German airline, used to make punctuality the theme of its advertising campaigns. No longer. "We are not doing that at present because it contradicts reality and it would be unfair to the public," said Harald Daneke, its marketing manager.

Thomson Holidays estimates that during the Spring Bank Holiday nearly 60 per cent of its flights were more than half an hour late, and over 20 per cent more than two hours late.

This week, the air traffic control computer at Prestwick in Scotland "crashed" for the fourth time this year, delaying transatlantic traffic from Britain and the Continent as the men on point duty reverted to pen and paper.

The skies over western Europe and the US seem to be as clogged as motorways, with queues at every entrance and exit. There are more commercial aircraft flying today than the air traffic controllers can handle expeditiously with safety in the space available.

Not only has traffic grown faster than predicted, outstripping investment in the traffic control system. The European Community is trying to open the airways to even greater competition (which should mean cheaper fares) as part of its drive towards a unified market by 1993. But, as the experience of the US has shown, more competition means – at least initially – more aircraft, more delays, and more passenger worries about safety.

Holidaymakers may be prepared to put up with the wait, being distracted by clowns and free drinks at Luton airport. Business travellers and airlines are not. So, governments are under pressure to find some radical, and probably unpopular, solutions.

Delays cost airlines a lot of money; they can wipe out a tour operator's profit in a moment. Lufthansa calculates that its planes spent 5,200 hours last year stacking over Frankfurt, Düsseldorf and Munich. That was double the previous figure and cost the company £16m. British Airways says it loses £900 for every minute one of its jumbo jets is kept waiting.

The big airlines may point to the congestion as an argument for postponing the day of competitive free-for-all. The smaller ones, of course, are determined not to let them get away with it.

Can anything be done while the British and Continental air traffic control systems catch up with the volume of traffic? Is the number of aircraft to be restricted or is more space to be found?

Michael Bishop, chairman of British Midland Airways, says there is plenty of airspace. It is a question of using it more efficiently. The problem, he says, is a glaring technology gap: the aircraft are very advanced, like the new computer-driven Airbus. (Pilot error is being blamed for the one that crashed last weekend in France.) But the ground systems across Europe are under-funded and mismatched, one with another.

"It's a bit like running a high-speed train service with steam-age semaphore signals," he said. With the right equipment there would be no capacity problem, even after deregulation. Aircraft could run as frequently as underground trains.

His solution, which will take time, is to "tear the heart out of the air traffic control system." He would privatise Britain's national air traffic services (NATS), a body ruled jointly by civilians and the military, and put an end to the anti-commercial presence of the RAF, which he accuses of "hanging on to every inch of airspace they have."

A similar proposal has been put to the West German parliament in respect of Nato's airspace. But if the air above us is to be treated as a property to let, governments will have to be persuaded to forego their sovereignty. The airways would be returned to military control in an emergency.

The air traffic controllers' union in Britain, the Institution of Professional Civil Servants, is not talking of privatisation. But in evidence to a parliamentary select committee on Wednesday it, too, argued for some military airspace to be handed over.

The IPCS says the public is paying the price of serious lack of investment in traffic control – and controllers. The staff are overworked, the risk of a mid-air collision is much greater than recognised officially, and the number of near misses larger than reported officially.

The union is unhappy at the prospect of further competition. "Liberalisation means not more large aircraft, but more small aircraft," said Bill Brett, assistant general secretary of the union. "It's like putting a milk float on the M25."

One way to restrain the traffic is by pricing, making airlines – and their passengers – pay more to land at peak hours. The Civil Aviation Authority has cited this as one of the options the Government might have to consider.

Others include compelling airlines to use bigger jets (assuming they can get them from the manufacturers); giving commercial aircraft priority over private planes, parachutists and hot air balloonists; allowing more night flights; and dividing the traffic geographically between airports as if they were London rail termini.

Restrictions of any sort are anathema to the Air Transport Users' Committee. It says the answer lies in getting more use out of the existing runways at Heathrow and Gatwick. It also wants the Government to lift restrictions on night flying into Gatwick by "super-quiet" new jets.

Environmentalists are a large part of the problem, according to Richard Botwood, the committee's director-general. "They have have it good for long enough," he said. "And we're talking about only a few hundred people."

Evelyn Atlee is chairman of the militantly-named FANG (Federation of Heathrow Anti-Noise Groups) and claims to speak for people living from Chelsea and Ealing to Maidenhead and Haslemere. "There's no such thing as a quiet aircraft," she said. "Especially at night."

It seems that the closer we get to an open market in air travel, the more visible the hidden costs become. The passenger's fare might come down but his blood pressure is certainly going up.

Saleroom/**Antony Thorncroft**

Suddenly, there's a boom in busts

BUSTS ARE BACK in fashion – marble busts made in England in the 18th century, preferably by naturalised immigrants like Michael Rysbrack, Louis Roubiliac or Joseph Nollekens. Costly investments in their day – with sitters, or their admirers, paying up to 2,000 guineas for a portrait that would last – by the 1960s they often were regarded as little more than garden ornaments to frighten the birds.

All that has changed. The growth in art historical research, and the exorbitant prices paid for paintings and furniture, has switched the attention of both connoisseurs and collectors to overlooked busts. In the same way, there has been a similar growth of interest in the related field of Renaissance bronzes.

The Victoria & Albert museum in London has played a major part in this revival. It has not secured all the busts it wanted – a famous Bernini was snatched from it by Edinburgh which raised the necessary £3m, a price that rocketed three-dimensional portraiture into the big time. But it has built an impressive collection, enhanced last week by the acquisition of a good Rysbrack (his bust of the architect, James Gibbs).

The museum acquired it through a private treaty sale for £465,000, and it will enhance a room actually designed by Gibbs which the V & A inherited when the home of the patron of both Gibbs and Rysbrack, the Earl of Oxford, was demolished.

Anyone desperate for a Rysbrack should rush along to Sotheby's on Thursday when his portrait bust of another 18th century architect, Francis Smith, comes under the hammer. It has been sent from Northern Ireland by the executors of the late Marcus McClausland and previously had been known only in its terracotta form, which is in the Radcliffe Camera in Oxford. By a nice coincidence both Smith and Gibbs worked on the design of the Radcliffe Camera.

Sotheby's expects to get £250,000 for the bust: 10 years ago, it would have sold for nearer £10,000. It is the star item in a European works of art and sculpture auction. Christie's has a similar event on Tuesday. These are odd sales, cramming in everything from Limoges caskets, medieval wooden church images, Renaissance bronzes, ivory reliefs and treen, through to the marble busts.

Prices tend either to be fairly modest (under £25,000 for the bulk of objects offered) or amazingly high (above £200,000 for the rarest and the best). Each market is very specialised but there are just enough dealers around, plus a few collectors, to make it worthwhile.

A Florentine bronze group of Roger and Angelica, by Ferdinando Tacca, which dates from the late-17th century and could make £40,000 at Sotheby's next week

In recent years prices have moved sharply, if unpredictably, upwards but the fall in the value of the dollar, and the October crash, has made the market even more febrile of late.

Christie's cannot match the Rysbrack but has a curiosity, a marble head of Queen Christina of Sweden, depicted as the "Athena of the North." The head is the only fragment to survive of a bust, or statue, damaged in Germany during the Second World War.

With such an incomplete specimen the fantasists have been at work, and there have been attempts to attribute the head to Bernini. Christie's is settling for Peroni, who visited Stockholm in Christina's day in the mid-17th century, and would also settle for bids up to £50,000.

Among the bronzes, Sotheby's is happy to be offering a discovery, one of those disregarded house ornaments that was used to prop up books on the mantlepiece. It turned out to be a Florentine bronze group of Roger and Angelica by Ferdinando Tacca, working late in the 17th century; and it is only the third variant of this scene from Orlando Furioso (illustrating the Saracen hero, Roger, rescuing Angelica from an orc) known to have survived. By chance, the second turned up in Paris six months ago.

The bronze could make £40,000 because Tacca is coming into his own. His father worked with Giambologna; and since bronzes by such exalted sculptors hardly ever appear on the market, there is now interest in the good second-raters.

Christie's hopes for even more, perhaps £60,000, for a late-16th century Venetian bronze statuette of Judith triumphant over Holofernes, by Aspetti. The subject has survived in several casts but Christie's reckons that this is the best it has seen.

Both busts and bronzes are dogged by quarrels over attribution, over condition and over rarity. It is a field for the wary but the rewards can be great. Even the picture dealers are getting interested.

On Thursday, in the Dorchester auction rooms of Duke & Son, Agnews (best known as an Old Master dealer to the gentry) paid £275,000 for a Venetian marble relief of Dido of Carthage, attributed to Antonio Lombardo. By the time it finds a permanent home its price will have risen impressively, but it will still seem cheap compared with a Renaissance painting of similar quality.

Both next week's sales contain oddities. What are we to make of a carved wooden figure of a man in Elizabethan dress, dating to the early 17th century, and unearthed from below the Farringdon Road in the City of London? A new head has been added and he is minus an arm, but what was his purpose? He could be yours for £3,000.

At Christie's, they are trying to get new collectors interested by offering items at very low estimates: there is a group of 18th century bronze plaquettes of religious subjects which could go for £200 or less. Both salerooms have wooden religious figures, much collected by Germans, Belgians and Austrians, but still cheap for anyone wanting easy access to the mentality of the 15th century or earlier.

There are also some good English items – a 15th century polychrome alabaster panel of the Assumption of the Virgin which was in the Fermor-Hesketh collection and carries a £8,000 top estimate at Christie's; and a Nottingham alabaster relief of the Crucifixion, early 15th century, estimated at up to £20,000 at Sotheby's.

In effect, there is everything for some people at these oddball sales.

Collecting/**Janet Marsh**

Rooms with a zoo

THE STRAND Palace Hotel in central London stands on a site that has seen a lot of history. Originally the parsonage of St Martin's, its first private owner was executed for treason, whereupon Queen Elizabeth gave the property to her treasurer and favourite, Sir William Cecil. As the Cecils were favoured with successive titles, the mansion changed its name in turn to Cecil, Burleigh and, finally, Exeter House.

Abandoned after the Great Fire of London, demolition materials from the house were used by a speculative builder of the William and Mary period to build a kind of bazaar on the site. Under its new name of Exeter 'Change, it housed elegant little shops and a variety of exhibitions.

At the end of the 18th century, however, Exeter 'Change found its greatest fame and gaudy glory when a certain Gilbert Pidcock turned it into a menagerie. Until then, the capital's only zoo had been a moth-eaten collection of animals in the Tower of London, established in the 13th century by Henry III.

Exeter 'Change gave London a veritable Noah's Ark. Into its three floors, Pidcock packed lions, tigers, hyenas, ostriches, leopards, eagles, vultures, apes, snakes, pelicans, gnus, kangaroos and crocodiles. He also exhibited the stuffed remains of the rhinoceros immortalised by George Stubbs's portrait.

The racket of the animals could be heard the length of the Strand and the smell was overpowering. The public flocked there all the same, particularly at feeding time which was announced every day at 8 pm by a bell rung by an elephant.

It was not just the vulgar mob who came. No doubt William Blake saw his Tyger, burning bright, at Pidcock's; and William Wordsworth speaks of its "troops of wild beasts, birds and beasts, Every Nature from all climes convened." Thomas Bewick engraved the illustrations for Pidcock's guidebook. Artists of the eminence of Benjamin Haydon went to the menagerie to study animal anatomy.

Edwin Landseer was a constant visitor; and Pidcock's successor, Edward Cross, gave the young painter a deceased lion which, to the distress of their neighbours, he and a friend dissected and sketched. The fruits of Landseer's zoological studies can be seen a stone's throw from the site of Exeter 'Change in his Trafalgar Square lions.

The most loyal associate of this Menagerie academy was, however, Swiss painter Jacques-Laurent Agasse. In 1808, he immortalised Pidcock's leopards in the magnificent illustration (shown here) which goes on sale at Christie's on Friday, July 15, when it is expected to realise more than £1m.

'The racket could be heard the length of the Strand and the smell was overpowering'

Agasse was born in Geneva in 1767 and studied in Paris under David and Vernet, as well as at veterinary school. He visited England first to execute a commission for some dog portraits, and eventually settled there in 1800. Agasse seems never to have had much commercial success. He was always changing his lodgings, at various times living in Church Lane, Kensington and Portland Square. When he died in poverty in 1849, he was at 83 Newman Street, W1 – in the heart of what was then the centre for artists and artists' suppliers.

Agasse contined to visit the menagerie and record its inhabitants through 20 years and three managements. The leopards were painted in the time of Pidcock; on his death in 1810, the menagerie was taken over by S. Polito (one of the most-prized and highly-priced of all Staffordshire figure groups is an elaborate model of the facade of Exeter 'Change titled "Polito's menagerie").

Agasse seems to have become particularly friendly with Cross, a dealer in wild animals who bought the menagerie from Polito in 1817. As well as their beasts, he painted portraits of a Mr and Mrs Cross which are now in the collection of the Royal Zoological Society.

Agasse is known to have painted more than 75 pictures of wild animals. One of his most distinguished commissions was to record the first giraffe to arrive in Britain. Presented by the Pasha of Egypt to George IV in 1827, it arrived in poor condition and survived only a few days. Agasse's portrait of the animal is now in the Royal Collection.

The eventual demise of the menagerie must have been a personal and professional loss to Agasse. Bad luck began to strike the establishment in March 1826. A male elephant called Chunee, a particular pet of London ever since it appeared in an 1811 Drury Lane pantomime, became violent. The cause probably was his frustrated mating instinct, although newspapers diagnosed toothache.

Chunee began to break up his iron-bound oak store; and there were fears that the first floor, where he was housed, would give way. After his death, the menagerie never seemed the same again.

In 1828, the 'Change was doomed by a road-widening scheme. Cross marched his animals down the Strand to temporary premises in the King's Mews. His offer to sell both them and his own services to the Zoological Society's new gardens in Regent's Park was met with a cool rejection.

For a while Cross toured country fairs, but both he and his animals eventually disappeared from view, leaving only some noble memorials in Landseer's lions and the paintings of Agasse.

■ *Jacques-Laurent Agasse is the subject of a coming major exhibition in Geneva and at the Tate Gallery, London.*

Ice cold in Alaska

Peter Gillman follows the progress of two British explorers who are bidding to sail through the dangerous North-West Passage

THE TWO British yachtsmen attempting the first voyage through the North-West Passage by sail alone have made an encouraging start, despite a hazardous and demanding encounter with the Arctic pack ice. A message from expedition leader Mike Jaques, upon reaching the Eskimo settlement of Kotzebue last weekend, reported that "Morale is really high."

Jaques and his partner, Mike Marriott, reached Kotzebue after spending 15 days on the 320-mile first leg of their 3,000-mile voyage. They sailed from Nome, Alaska, in their 16-ft dinghy, Tuluk, on June 10, relieved to be under way at last.

The administrative problems which assailed them during their final weeks of preparation were compounded by damage to the boat on the flight from London. Someone – they assume a Customs officer – unscrewed one of the storage hatches and replaced it at an angle so that the thread was destroyed. That led to hasty repacking and some temporary repairs.

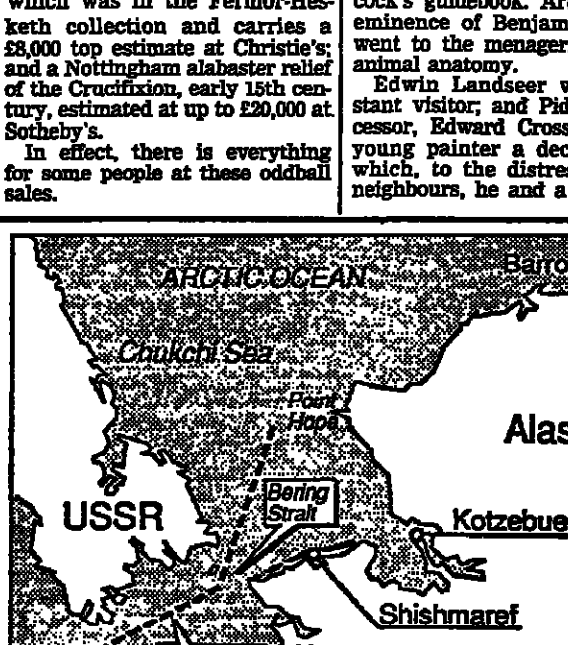
After four days, Jaques and Marriott put to sea at the tiny island settlement of Shishmaref, where they found an ice-free passage ranging in width from 100 yards to a mile. Their next crisis came when they were trying to push the Tuluk clear of an errant ice floe and Marriott fell overboard. With the temperature hovering around freezing point, the water, says Jaques, was "rather cold." After Jaques had hauled Marriott back on board, they headed ashore and lit a fire to warm and dry him.

Further problems came as they approached Kotzebue, which lies on the northern shore of a bay, Kotzebue Sound. They had hoped to sail directly across its mouth but that, too, was choked with ice and once again they had to hug the shore.

They then were compelled to spend 36 hours ashore sitting out a storm, with the additional frustration of having damaged their rudder and centre plate as they landed. "There were short, steep seas," says Marriott, "and beaching in the surf line was a bit of an epic."

Jaques and Marriott finally reached Kotzebue on June 25. With its backdrop of peaks, Jaques reports, the Eskimo settlement "looks just like the west coast of Scotland – even down to the midges."

Few of the 2,500 inhabitants had seen a sailing boat before, but Marriott and Jaques found their curiousity value of considerable benefit when it came to repairing the rudder and centre plate. "Everyone has been unbelievably helpful," says Jaques.



With reports from the local weather station indicating clearer water ahead, Jaques and Marriott were maintaining their mood of optimism as they prepared to set sail again last Monday. By this weekend they should be well into the 400-mile second leg to Barrow, close to Alaska's northern apex. "We've been a bit slower than we had hoped," Marriott admits. "But I'm confident that we can regain that mileage now."

Nicholas Faith on the "Red Marquis" who transformed the fortunes of the famous champagne company

The man who put the sparkle into Möet

THEY CALLED HIM the "Red Marquis." In fact, Robert-Jean de Vogue was only a count – but his achievements included building his family firm into the biggest drinks business in France and transforming the relationship between the peasants who grew the grapes and the merchants who sold the wine.

Robert-Jean de Vogue was the single most important figure in the history of Champagne although, outside France, his fame rests on the way he transformed Möet & Chandon into the biggest force in the French drinks industry in the 30 years before his death in 1976. However, the changes he initiated within the French wine-making community were even more important.

Before his time, relations between the growers who made the wine and the handful of firms responsible for selling the finished product had been uneasy. De Vogue's generosity of spirit reached out to the growers and brought them into partnership with the major firms. After demonstrating the partnership within the Champagne community, he spread the idea, first to Cognac where it took sturdy root and then to Bordeaux where, alas, historical enmities proved entrenched too deeply.

De Vogue was an improbable figure to act as a commercial, let alone a social, revolutionary. He always claimed that he belonged to the 19th century: "Life was so agreeable then," he would say. Even so, he adapted formidably well to the demands of the 20th.

He was trained as a soldier and passed through the French staff college, the Ecole de Guerre, before taking over at Möet. With his hawk nose and trim moustache, he remained the picture of an army officer – and one aware fully of his gift for leadership.

"He ran Möet – and Champagne – like the best sort of regimental commander," says Claude Fourmon, his faithful chief of staff for 30 years. "He was an aristocratic army officer. What mattered to him was choosing the right men, fixing their objectives and methods, then letting them get on with it."

De Vogue combined the military mentality with that of the showman. "You must sell first," he would say. He was related only loosely to the Möets, but his branch of the family had inherited an important stake in the business. In 1932, at his grandmother's suggestion, he was called in to rescue a firm which had been the biggest in Champagne but which had lost its way. Nominally, de Vogue was only one of a triumvirate, but the others watched helplessly as he assumed the firm's leadership.

His first stroke of genius was launching Dom Perignon. In the depths of the 1930s depression, Lawrence Venn, a British journalist and adviser to the major champagne firms, suggested the idea of a luxury brand to be called after Dom Perignon, the supposed "inventor" of the wine. The other firms were too obsessed with cutting costs to take up the idea but de Vogue immediately realised its potential, especially as the Chandons already owned Dom Perignon's abbey of Hautvillers overlooking the valley of the Marne.

Dom Perignon was launched to celebrate the centenary of Simon Freres, Möet's British agents. Fifty years on, Dom Perignon still is made exclusively from the grapes from Möet's finest vineyards but, because it is not produced every year, it has invariably been rationed, even though Möet probably sells 1.5m bottles of each vintage. (Möet never releases sales figures. I have taken the likely production of Möet's best vineyards and deducted a third to allow for the grapes used to produce Möet's other vintage wines).

While Dom Perignon did not provide a solution to Champagne's immediate problem – the universal poverty in the region resulting from the miserable price at which the grapes were being sold to the merchants – it was through an unprecedented gesture of support for the growers that de Vogue made his single biggest contribution.

In 1936, at a joint meeting with the growers, he proposed a minimum price high enough to lift them above the poverty line. The price-setting mechanism was institutionalised in what became known as the *Commission de Chalons*; this was elaborated during the first year of the German occupation into the *Conseil Interprofessionel du Vin de Champagne* (CIVC), a pioneering institution which brought growers and merchants together.

By then, de Vogue's reputation was so high that, when he and Fourmon were threatened with execution by the Germans for their activities in the Resistance, the whole Champagne community revolted and they were deported instead, spared to systematise the work of the CIVC which became a powerful organisation, setting prices and defending the name of champagne.

Once the CIVC was up and running, de Vogue concentrated on developing the firm's world sales network, often through the unprecedented step of actually buying its agents – starting with Simon Freres in England. He turned out to be a brilliant publicist, using indirect promotion rather than anything as vulgar as advertising. In the words of the late Pierre-Marie Doutrelant, the French journalist: "Did Fangio win a grand prix? The victory was duly celebrated in Möet. Was an American showbiz personality arriving in Paris? She would find a magnum of Dom Perignon in her room."

In the 30 years after the war, de Vogue did more than develop Möet's own sales. He bought Ruinart, the oldest firm in Champagne, and launched the delicious and under-appreciated Dom Ruinart, a *blanc de blancs*. He also bought Mercier, which had as strong a position in the price-conscious French market as Möet itself did abroad.

His last three coups transformed Möet into a major international force. In 1969, he paid Marcel Boussac what seemed then like an inordinate price for Parfums Dior. Two years later, he merged Möet with another venerable family-controlled firm, Hennessy; and in 1973 he inaugurated Domaines Chandon, the splendid winery in California's Napa Valley. But his most important legacies were the relative harmony in which the Champagne community has conducted its affairs since the war, and the entrepreneurial spirit which he embedded in the corporate culture of his family firm.

Today, Möet Hennessy includes some of the finest names in luxury products, not only Möet and Dior but also Veuve Clicquot, Givenchy and Louis Vuitton. Mercier is now made under Möet's supervision by one of Champagne's cooperatives, a force feared by lesser firms but transmuted into partners by de Vogue's successors. Möet's rivals gnash their teeth at the success of Dom Perignon, known affectionately as Dompers to Sloanes the world over.

Did the monk really invent sparkling champagne? Of course not. It was the result of a series of accidents which seemed more like problems than solutions to the winemakers of Champagne at the end of the 17th century. Champagne was already famous for its still wines, but it is made in one of the most northerly vineyards in the world, so the grapes were often still unripe when they were harvested. Consequently, the yeasts started to hibernate before they had finished transforming the sugar in the grapes into alcohol and carbon dioxide.

When they awoke after the winter, they started work again. But by then the wine was often in bottles and the carbon dioxide gas created a fizz. This often broke the bottles and, in any case, was a sure sign that the wine itself was thin and acid. So Dom Perignon, the most distinguished wine-maker of his time, was certainly not going to encourage his wines to sparkle.

Nevertheless, he made two enormously important contributions to the art of making champagne. He was a pioneer in blending the wines from the many vineyards either owned by the abbey or made from the grapes acquired as a tithe paid to the abbey by the growers. He was a ripe little capitalist, lending money to the peasants and taking over their wretched plots if they couldn't repay the loans. And he perfected the difficult art – which remained a speciality of the Champenois throughout the 18th century – of making a truly white wine from black grapes. That was enough work for one man, even if the good Dom did supervise the wine-making at Hautvillers for nearly 50 years.

The myth is of more recent origin. It was started by one Dom Grossard, the last monk to hold Perignon's job as "procurator" at Hautvillers before its vineyards were confiscated during the French Revolution. By then, Perignon was already a mythical figure – it was even claimed that he went blind, yet could tell where a grape was grown by its taste. It was Brossard, reduced to a simple parish priest, who proved an effective propagandist for the idea that his most distinguished predecessor had invented sparkling champagne.

Naturally, the house of Möet is not going out of its way to demolish this. Möet can rely on the fact that the myth is more fun than the reality and is bound to appeal particularly to Anglo-Saxon drinkers.

● *Nicholas Faith's book, The Story of Champagne, will be published by Hamish Hamilton on July 7 at £17.95*

Nice price, pity about the quality

LITTLEWOODS is not one of the largest or more up-market supermarket chains but, in the past few years, it has developed its wine side and now has licences in 112 branches. Recently, I sampled nearly 30 of the more than 150 varieties it carries.

On price alone the wine department must be congratulated, for only two of the wines shown to me were over £2.99: a Liebfraumilch at £1.69 and red and white French *vins de table* at £1.79. A few wines cost more but these are available less widely.

However, most of the wines tasted were disappointing. Since the costs of import and duty do not vary according to quality or price, a little more spent on the contents of the bottles could have raised considerably the quality of many of them. All are 70cl bottles unless otherwise indicated.

WHITES

Muscadet de Sèvre-et-Maine 1986 (£2.29). A rather edgy flavour, acid and lacking fruit.

Ambra Frascati 1986 (£2.69). A lively wine with an attractive nose and a fruity taste. Better than many often neutral, dull Frascatis.

Sauvignon Blanc 1985 (£2.99 75cl). This E.J. Gallo wine from California started fairly crisp but had a flat taste in the middle.

French Vin de Table Blanc N.V. (£1.79). Shipped from a firm in Carcassonne, and made from the undistinguished ugni blanc and colombard grapes, one could not expect much from this slightly sweet Midi wine with little bouquet and character; nor was much to be found.

Bordeaux Blanc N.V. (£2.30). Spoilt, as cheap white Bordeaux is so often, by an excess of sulphur. Almost undrinkable.

Côtes du Rhône Blanc, Ch. d'Aigueville 1986 (£2.99 75cl). Like many cheap white Rhônes, this is a dull wine with very little nose and rather a neutral taste. The red (below) is much better.

Orlando Jacobs Creek 1986 (£2.99 75cl). Agreeably flowery, oaky bouquet and fair balance from the Barossa Valley, South Australia.

Piesporter Michelsberg 1987 (£2.29). This Riesling/Müller-Thurgau blend has a fair riesling nose but is very sweet indeed.

Liebfraumilch 1986 (£1.69). Lacks character and backbone.

St Johanner Abtei Auslese 1985 (£3.29). A much better-balanced wine with the sweetness offset by the acidity to some extent. A fair example of a wine made from three of the "new" German grapes: optima, ortega and huxel.

REDS

Hungarian Merlot N.V. (£1.89). Full-bodied, fruity and good value.

Bulgarian Cabernet Sauvignon 1983 (£1.99). An authentic Cabernet-Sauvignon bouquet and taste, with quite a strong flavour.

French Vin de Table Rouge N.V. (£1.79). From the same source as the white vin de table, this had very little character indeed.

Minervois 1985 (£1.99). A rather edgy, ill-balanced wine from southern France. Too sharp to be good.

Corbières 1986 (£1.89). Dry, tannic and lacking in fruit. Also too cheap to be good.

Côtes du Roussillon Villages 1983 (£2.39). Good, big colour, fair body and flavour; agreeable drinking, with some age.

Côtes du Rhône Rouge, Ch. d'Aigueville 1986 (£2.59 75cl). A single-vineyard wine, has a nice nose, is soft with a hint of sweetness and is easy drinking.

Bairrada 1983 (£2.49 75cl). Very brown in colour with some flavour, but distinctly coarse.

Ambra Chianti DOCG 1985 (£2.49). Nice clear colour, medium body, typical of a light Chianti, for drinking now.

Montepulciano d'Abruzzo 1985 (£1.99). This southern Italian wine has a big colour, little bouquet, but a round flavour.

Marques de Caceres Reserva 1978 (£5.49 75cl). Almost the most expensive wine on the Littlewoods list. Has a distinctly brown, old colour common to a Rioja of this age, and a typically oaky taste. A mature wine for drinking now.

Edmund Penning-Rowsell

Fashion splashes out

IF YOU'RE in the mood for something fashionable to wear on the beach this summer then the thing to do is to think Fifties. If you really can't face that, you could toy with the Californian surfer look.

I appreciate that some of you may well not have been around when the real Fifties were here but that is no excuse. The Fifties look is about on the streets and in the shops and all you need to do to catch the mood is keep your eyes skinned. To those who say that the Californian surfer look is all very well for bronzed and athletic Californian surfers but surely a little out of place for gentle lolling on the *plage* I can only say that fashion never had much to do with logic.

The spate of nostalgia for the Fifties has arrived at exactly the right moment for Maggie Smith who has a cache of hundreds of authentic 50s bathing suits which she found a couple of years ago in Northern Cyprus. She wandered by chance into an ancient dusty shop and found it piled high with swimsuits that had been forgotten in the passage of time. There were the little ruched numbers, sweetheart necklines, frills, kind, hip-concealing little skirts, bows, matching knickers and all the other details that were the hallmark of the era.

Some were a little dusty but all were completely unworn. On an impulse she bought the lot. They have more than just nostalgia to recommend them: many are surprisingly flattering to the typical British pear shape. All those swinging little skirts cover a host of less than perfect curves while the long-legged shorts are flattering to those whose figure can most flatteringly be described as "boyish."

All are sold from a small shop at 63 Charterhouse Street, London EC1. Given that there are not endless supplies of all the designs she has also started making up copies of the best-selling numbers. She sells by post and also stocks them all the year round.

But if nostalgia isn't your line and you want something with a much more contemporary look there are alternatives about. A good place to start for Londoners is Harvey Nichols of Knightsbridge, London SW1. This year it has had a huge success with the whole holiday collection from Ken Done, the Australian painter and designer – the complete stock has had to be re-ordered three times already. Not so much a high fashion range, more a really fun beach collection, he starts by painting pictures and using those images on cloth – the result is colourful, brightly-coloured, a kind of sartorial Gauguin. It's a collection for swimming in, playing ball in, larking about on the beach in and you could buy a complete holiday wardrobe in the Ken Done style – everything from sunglasses, sunglass case, beach umbrella, bikini and bikini bag, little pairs of shorts, leggings, t-shirts, pareos. Prices are what these days passes for middle-of-the-road – a one-piece bathing suit is about £50.

For a more high-fashion look – more for a little lying by the pool than for any very active plunging about in the water - look out for Gideon Oberson (lots of sparkly lycra and metallic finishes, rather high-cut legs at roughly £70 for a one-piece suit). Then there is Oscar de la Renta who goes in for lots of plunging necklines, high-cut legs and more metallic finishes and takes a little wearing. His prices are around £55 a time. Perhaps the most sophisticated of all is Norma Kamali who is a mistress of flattering ruching and cross-over draping to flatter less than *board-flat* stomachs and well-padded *derrieres*. This year she seems to be very fond of red, but for those who feel happiest and safest in black, there is plenty of that about as well.

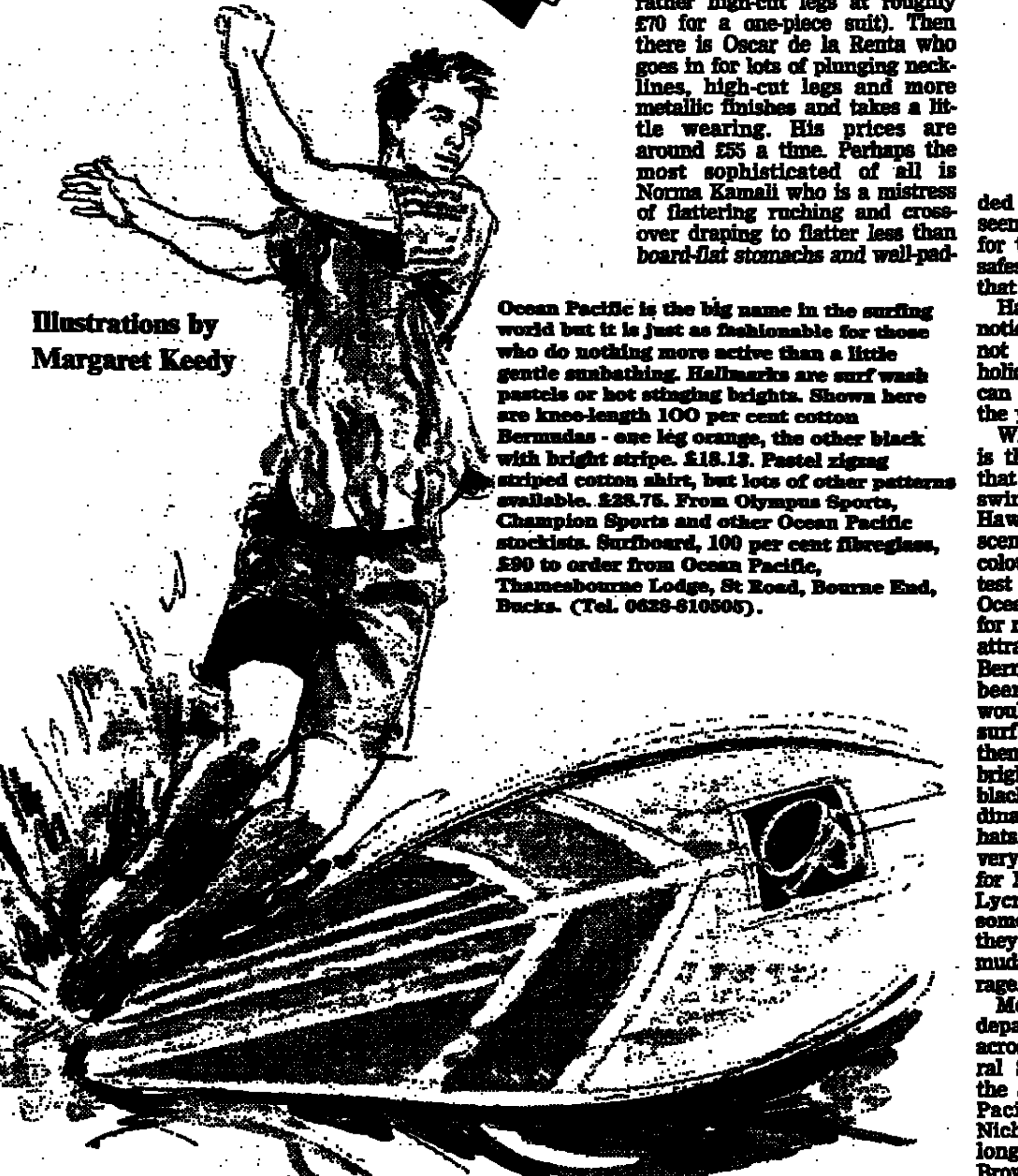
Harvey Nichols, you may have noticed, is in mid-sale but worry not - it now has a permanent holidaywear department and you can buy any of these names all the year round.

When it comes to the champs it is the hot, hot Californian look that has been rushing out of the swimwear departments. Loud Hawaiian prints, sporting surf scenes, stinging bright colours, colour splash abstracts. The hottest names to look out for are Ocean Pacific (this is THE name for real surfing equipment but so attractive is it that the easy loose Bermudas, the bright shirts, have been taken up by men who wouldn't know what to do with a surfboard if it was handed to them) and Jams. There are lots of bright neon colours teamed with black and both labels offer co-ordinating accessories – shirts, hats, pumps, visors, towels. The very young might like to look out for Nicos – made from clinging Lycra, usually black but with some bright slashes of colour, they are stretchy, have long Bermuda-like legs and are all the rage.

Most fashionable swimwear departments that I have come across include Paul Smith, 9 Floral Street, London WC2 (lots of the Jams label), Harrods (Ocean Pacific and Jams), Harvey Nichols (specially good on the long, fitted, stretchy look) and Browns (again, lots of Jams and Nicos).

Lucia van der Post

HOW TO SPEND IT



Illustrations by Margaret Keedy

Ocean Pacific is the big name in the surfing world but it is just as fashionable for those who do nothing more active than a little gentle sunbathing. Hallmarks are surf wear pastels or hot stinging brights. Shown here are knee-length 100 per cent cotton Bermudas - one leg orange, the other black with bright stripe. £18.12. Pastel zigzag striped cotton shirt, but lots of other patterns available. £28.75. From Olympus Sports, Champion Sports and other Ocean Pacific stockists. Surfboard, 100 per cent fibreglass, £90 to order from Ocean Pacific, Thameshourne Lodge, St Road, Bourne End, Bucks. (Tel. 06285-810505).

1. Black cotton jersey, a copy of a Fifties original. Very flattering to wear and particularly becoming to what is known in the fashion business as "the fuller figure." It also comes in red, white or yellow. In sizes 10,12,14,16. £40 (p+p £2.50) from Maggie Smith.

2. Another big name in the world of men's swimwear is Jams – very loose and comfortable to wear. They are not for those given to sober, classic lines. Fabric is 100 per cent cotton, patterns are mainly jazzy, abstract and very, very bright. £33 from Harrods of Knightsbridge, London SW1, the Active Holiday Wear Department. Equally bright and jazzy towel, 100 per cent cotton, by Ocean Pacific, £24, also from Harrods.

3. A copy of a Fifties swimsuit (all ruching and swirling little skirt with separate, matching knickers) in a new black and gold fabric designed by Lalla Ward. Another very flattering design for the "fuller figure". Also available in a black and white stripe or a blue, red and white stripe. £40 (p+p £2.50). The hat is also an original Fifties number and is £15. Both from Maggie Smith.

4. Copy of an original Fifties design, lots of ruching, flirtatious skirt (very flattering to hips that have seen a few carbohydrates too many) and detachable straps. In 100 per cent cotton, available in a blue and white starfish and fish design or in red with a multicoloured spot. £40 (p+p £2.50). From Maggie Smith.

5. Very flattering to the boyish figure is this Fifties original with a cream body and red and white striped inserts and shorts. Made from Lycra, this design came from a factory in London and there are a few in this style – all in sizes 10 and 12. £50 (p+p £2.50). From Maggie Smith.

Food for Thought

Strawb poll

"DOUBTLESS God could have made a better berry," said the good Dr Butler in the 18th century, "but doubtless God never did." Well, I'm a bit of a raspberry fanatic, myself, but I can't really quibble with the strawberry's pre-eminence in public esteem.

Of course, the berry which Dr Butler hymned so highly is not the same plump and scarlet bobbin we consume with such relish today. Until the 19th century we had to make do with the wood strawberry, whether our own native or that introduced by John Tradescant the Elder from Virginia. Then, in an early piece of European co-operation involving French and English horticulturists, the first large modern strawberries hit the market in 1821. Michael Keen, a market gardener in Isleworth, was the lucky man, and his innovation was called Keen's Seedling.

Since then, new varieties have come thick and fast. There isn't a month of the year in which strawberries from California or Catalonia, Belgium or Bangladesh, don't grace greengrocer and supermarket. Such abundance may offend the purist. To be honest, it offends me a bit.

I know that it's old fashioned but I am attached to the notion of seasons. I rather like the idea of austerity for 46 weeks of the year, with the remaining six devoted to unbridled license.

A few years ago the fruits that were available other than in high season were woolly of texture and anonymous of taste. But not so now. Out-of-season strawberries that have been ferried halfway round the world to grace our plates in December or March are now more than adequate, even if they lack the real zip of the summer fruit. But one can only marvel at the early season imports from Spain, France, Italy and Belgium.

Even when we do sit down to a bowl of the best of British, as like as not it will now be a foreign strain. Whether best of British or Belgian interloper, the only strawberry for me is the fresh strawberry.

Strawberries as jam have their place. It's one way of using up the ones you have bought loose or that have been flattened in transit, or squeezed by childish fingers.

But it is the many ways in which one can treat the intact fruit that reveal the true genius of the strawberry.

Raymond Blanc mixes them with peaches, black cherries, raspberries and blackberries to make a light refreshing *soupe de fruits d'ete*. Michel Guerard turns them into a souffle. Fredy Girardet, in *Cuisine Spontanee*, pops them into a millefeuille.

But I think only George Blanc of Vonnas really approaches the strawberry with any real degree of originality. The unlikely sounding combination of rhubarb and strawberry, as in rhubarb compote with strawberries and candied lemon peel, and the marjolaine of summer fruits, are both corking good ideas.

When it comes to the crunch, though, I tend to side with the great Victorian linguist, traveller, sociologist and oddball, Sir Richard Burton. As a small boy he developed his will power by setting before him a bowl of his favourite food, strawberries, cream and sugar, and sitting there until he had conquered his desire to eat them. When he had done so, he would reward himself by scoffing the lot.

Peter Fort

A bunch of prickly companions

ONE MORE week and the older varieties of rose will be fading. I have been using their short season to look round and decide what company suits them best. Their dominant colours are pinks, whites and purples. The amateur gardeners who helped to revive them also did most to find them their best companions. It will be sad if we remember only one part of the legacy.

For a quiet life, you can always fill the intervening spaces with catmint and lady's mantle with its green-yellow flowers. They are marvellous companions for large plantings in large areas, but they are much improved if they are cut back very hard after flowering. They are too vigorous for smaller gardens and some people think they are rather overplayed.

More cleverly, the great old rose-growers matched other shades of purple to their roses' deep pink and purple flowers. Their best-known success came from the big heads of flower on ornamental onions, the allium family, which can be planted in gaps between rose bushes quite easily because they are bulbs. For timing, the best two are the old, rounded allium Christophii (still listed also as albo-pilosum) and the low-growing allium Cernuum, with heads that droop prettily.

The former is an emphatic plant with a flower stem about 2ft high and almost 1½ft wide; it is represented amply in groups of eight to 10 bulbs between a few shrub roses. The smaller allium Cernuum is an edging plant for the front row, best in as many the small groups as you can contrive. It seeds itself freely and quickly, so you can start off with a few bulbs if you arrange them better than Blooms of Bressingham. This spring it sent me a dozen allium Cernuum, which looked much too chunky in leaf and turned out to be common chives.

Taller and less familiar company comes with the elegant indigofera, a shrub which is up to 6ft tall. Its finely-cut leaves are set charmingly with pale pink or rose flowers in June, when the roses are in full flush. The branches spread attractively sideways if you prune them lightly each year after flowering. This shrub is not infallibly hardy but it sprouts from low down after a cold winter and we have not lost it in the past 10 years, although nearby things like cistus have gone sadly to the bonfire.

Hilliers of Hampshire sells the two best forms, the taller ones of which go so well with many of the shrub roses' colours, from buff-yellow to the pale pink and lilac of the charming rose Camaieux.

Slightly later, but just as handsome, are the spires of flower on the essential salvia Turkestanica. This biennial plant should be introduced from seed, which is becoming rarer but remains available from Thomas Butcher of Shirley, Croydon, Surrey. The salvias are about 3½ft high and belong between well-spaced shrub roses. In front, I prefer a white dianthus to the laced and old-fashioned forms which have colours too close to the roses. Here, my favourite is Charles Musgrave, a single white pink with a green eye, vigour and scent.

Shading away from purple, the great planters fastened on the leaves of the hostas. They were not thinking of the white- and yellow-edged forms, which look so showy nowadays in garden centres. Their art led them to the huge, grey-blue leaves of hosta Sieboldiana Elegans, a plant with leaves a foot long once it has had time to settle down. In a smaller place, the newer hosta Halcyon is a possible blue-grey alternative.

It is, in fact, this pale blue tone which strikes me as the best match of all. Dark blue is too close to the rose's shade of purple, whereas milk blue sets it off perfectly. Some of the paler lilac and sky blue forms of penstemon hit it off well and turn up in the newer small nurseries' lists. All of them are good, although Heavenly Blue is rather short-lived and unpredictable. My personal favourites are forms of geranium and campanula.

Both plants need some forethought. Among the geraniums, the ideal form to my eye is the meadow geranium Pratense, especially in its named pale blue form, Mrs K. Clarke. A few plants divide quickly into dozens and fill the gaps between the bigger bush roses. About 3ft high, they combine tough growth with flowers of an elegant simplicity which is still close to the wild.

I think that campanulas are the best match of all; they are also the cheapest. You need only sow packets of seed of campanula Persicifolia in the next few weeks. They grow very easily, flower next spring, and come in various colours from Thompson and Morgan of Ipswich. The deeper blue spikes of flower on the bigger and bolder campanula Latiloba are another alternative, taller and best bought as young plants for division.

I will be placing small, self-raised plants of these campanulas between and before my few old roses this autumn. Their flower stems stand up unobtrusively to a height of about 2ft and their carpets of roots fit in neatly anywhere. Old-fashioned roses, trained well into a few bushes, gain a new depth from the simultaneous flowering of these white and pale blue bellflowers.

Gardening

Robin Lane Fox

Bean that grew and grew

IN 1914, *Trees and Shrubs Hardy in the British Isles* first was published: two chunky volumes written entirely by William Jackson Bean, the son of a Yorkshire nurseryman who specialised in trees.

Bean entered the Royal Botanic Garden, Kew, as a student in 1883 and remained there for the rest of his working life, rising to be curator. It was mainly at Kew that he gained his encyclopaedic knowledge of trees and shrubs, and his book was an immediate success because he also had the gift of being able to pass on that knowledge accurately and fully but in a way that ordinary gardeners could understand.

There were five further editions during Bean's lifetime and another, by then needing three volumes to contain the greatly increased number of trees and shrubs available, was being prepared when he died in 1947. It was completed and published three years later.

However, even this was not enough to cope with the flood of new species and varieties arriving in Britain. By the early 1960s an eighth edition was being contemplated, this time with a team of editors and contributors under the direction of Sir George Taylor, then the director at Kew.

Four volumes were required this time and they appeared one at a time between 1970 and 1980. They contained a mass of new information but all were presented in the excellent format Bean had chosen. There was, though, an increased academic emphasis which made the work just a little less attractive to the gardeners for whom Bean had written originally.

Yet, even before the fourth volume was ready to go to press a supplement was being prepared; such is the pace of development both on the botanical and horticultural sides. The botanists constantly are revising their opinions about the precise relationships of plants while the horticulturalists just as constantly are introducing new ones.

Some are collected in the wild, for there still are many parts of the world not explored fully for plants; but even more come from *breeding and selection. This can* prove most confusing for the botanists, since the precise details of what the horticulturalists have been doing are by no means always either clear or recorded accurately.

This supplement, still headed proudly with the name W. J. Bean, but with D. L. Clarke as chief editor, has just been published by John Murray at £35. It runs to more than 600 pages, not all that many fewer than in each of the preceding four books. In style and presentation it resembles them but, inevitably, since it is a supplement dealing with omissions and corrections as well as with entirely new plants, it appears more "bitty" and will not seem quite so immediately attractive to casual buyers.

To be quite fair, I doubt that those who have no more than a general interest in trees and shrubs would really need to have this supplement. However, I feel it is essential for everyone who is concerned closely with plants of this kind since it does tie up such *a lot of the loose ends left even* by those four large preceding volumes.

It also makes plain how very difficult it is to come to any final decision about the correct name of some plants. Two well-known ones will serve as an example. Hypericum Hidcote is one of the most popular of summer-flowering shrubs. Garden owners like it because, in a mild winter, it is evergreen or nearly so, and because its quite large, bright yellow flowers are borne continuously from midsummer until the autumn.

It appeared in Lawrence Johnston's Cotswold garden, Hidcote, presumably as the result of an accidental cross, but it has never been certain what species were involved. Dr Robson, a botanist who has made a special study of the genes, believed originally that the parents were Hypericum forestii, which contributed its bushy habit, and H. calycinum, the rose of Sharon, which gave it extra flower size and an evergreen tendency.

Someone made that cross to test the hypothesis but it failed to do so. So, Robson thought again and suggested that the two parents might be a garden hybrid named Gold Cup and H. calycinum. Again the cross was made, this time at the Chelsea Physic Garden in west London, to see if it did produce plants resembling Hidcote.

At the time the supplement went to press the seedlings had not flowered, so the matter remained unresolved; but now I understand it has been settled, although not perhaps precisely as Robson suggested.

Does all this matter? Yes, I think it does because the original stock of Hidcote, propagated year after year by cuttings, is becoming progressively debilitated by a disease caused probably by a virus. It is unlikely that any cure will be found; but now that the parentage of Hidcote has been identified, it is open for anyone to make the cross again, this time deliberately, and search among the offspring for one like *Hidcote or possibly even better.* That is the way progress is made.

The other example of the difficulties facing botanists is the beautiful spring-flowering tree that I usually call snowy mespilus, thereby hoping to avoid any arguments with my botanical friends as to its precise scientific name. When I was young, it was Amelanchier canadensis. By middle age it had become A. laevis, which is the name used in my much-thumbed edition of Clapham and Warburg's *Flora of the British Isles.*

The Bean supplement concludes that the right name is A. lamarckii and that it most probably is a micro-species of hybrid origin, whatever that means. It also concludes that one parent must have been A. laevis and the other might have been A. canadensis.

This leaves me more confused than ever since I had been led to believe that they were one and the same thing. I just wonder whether I am safe in writing A. lamarckii in future or if it would be better to stick with simple snowy mespilus.

Arthur Hellyer

How will history view Mrs Thatcher? Wait and see, says **Joe Rogaly**

The lady's not for judging

Margaret Thatcher: forceful, principled – and lucky

THATCHER
by Kenneth Harris. Weidenfeld & Nicolson. £12.95, 248 pages

BEFORE THE admirers of Mrs Margaret Thatcher move the articles of deification it might be prudent to ask themselves whether they are quite sure that the case in favour of so doing is yet proven. For it is just possible that when the next century's historians come to assess the achievements of Britain's 1979- ? Conservative Government they will find that the Prime Minister's period of office, which is after all still under way, has been the product of a combination of remarkable good luck and a shrewd ability to tell which way the wind is blowing.

This is not to deny the undeniable. Britain certainly has changed since 1979. Mrs. Thatcher has undoubtedly played a leading part in promoting that change. But historians always have difficulty in separating the three ever-tangled threads of chance, broad social and economic trends, and the actions of outstanding individuals. In the case of Mrs Thatcher, as this effusion of thinly disguised hagiography by Kenneth Harris inadvertently reveals, it is far too soon to tell.

Chance? You could argue that it was very nearly *all* chance. The story of how the candidate most unlikely to win the leadership of the Conservative Party, Margaret Thatcher, stepped forward in January 1975 is well-known (but then just about everything of importance in Mr Harris's book is well known). It was largely luck. The more substantial figure, the then Willie Whitelaw, decided that loyalty to the defeated Prime Minister, Ted Heath prevented him from standing against his leader in the first ballot. She told her mentor, the then Sir Keith Joseph, that she would not run if he stood. He did not stand. If Edward du Cann had presented himself as a candidate she would not have put her own name forward. Since the group that managed her campaign was originally committed to Mr du Cann he might well have taken the prize himself. As it was, she had the good fortune to find it available to work for her.

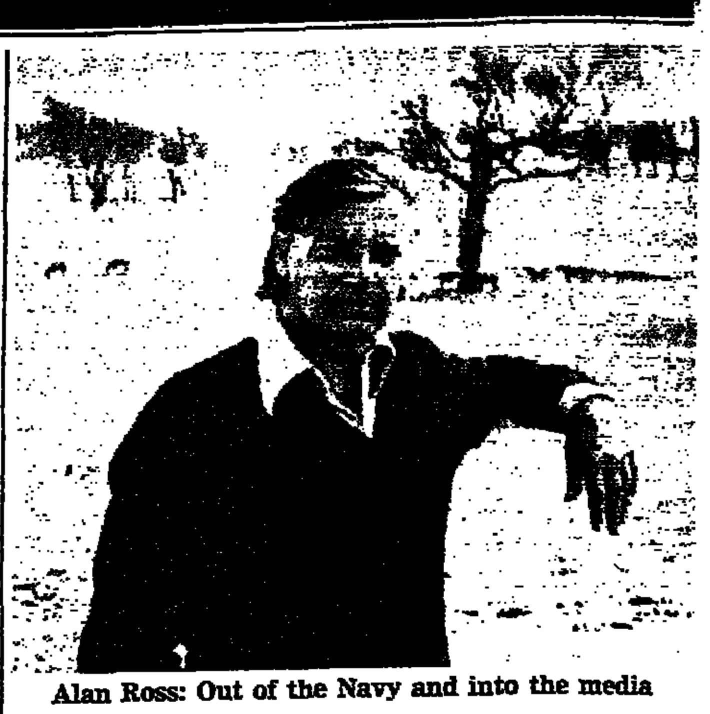
Her first election victory, in 1979, was a gift to her from Britain's trade unions, several of which had so disgraced themselves in the "winter of discontent" of 1978-79 that a landslide victory over the discredited Labour Government should have been guaranteed; in the event the first-past-the-post voting system put the Tories in on just under 44 per cent of the votes cast. (Mr Harris seems to have this hopelessly wrong on page 84 - is he *mistaking the October 1974 result for that of May 1979?*) The subsequent self-immolation of the opposition parties, combined with the quirks of the voting system, ensured her victories in 1983 and 1987, on fractionally smaller shares of the popular vote than her party achieved in 1979.

As to broad social and economic trends, it was clear throughout the 1970s that trade union power had to be curbed. Is it really true that only Mrs Thatcher could have done it? Many of her acolytes and some of her detractors might answer yes today, but the verdict of history is not so certain. Again, the policies of cash limits, control of the money supply, attrition of public expenditure, and even a concerted attack on local government profligacy were all first conceived within James Callaghan's final, disastrous, Labour administration. If you count the sale of BP shares, so was privatisation. Labour was obtuse about the sale of council houses to sitting tenants, but the evolution of private ownership of homes was merely given a touch of the accelerator by the Conservatives. We had been travelling in that direction fairly steadily since 1945.

As to the intellectual foundations of what has come to be known as "Thatcherism", we must of course thank, or curse, Sir Keith Joseph and his think tank. But that is not the only source. The long uphill struggle of the Institute of Economic Affairs, which I stupidly wrote off as an amusing collection of cranks only 15 or so years ago, will surely come to constitute a vital part of any serious history of late-20th century Britain. Sir Geoffrey Howe has recently taken to reminding people of his own role in formulating policy for and with Margaret Thatcher – and when the documents are uncovered it may be revealed that it was at least as much his steadfastness as hers that enabled them to get through the dark days of 1981, when they defied the world and deflated in mid-recession.

That leaves what Mr Harris has chosen to write about – the part played by Mrs Thatcher herself. Of course she is forceful. The degree to which she has developed that force is an important matter, although even here the assessment is not simple: how tough, how presidential, would a different Prime Minister have become given the series of large majorities handed to the Tories on the plate by a divided opposition?

In the book Mrs Thatcher's origins in Grantham, her beliefs in hard work, individual effort, common sense, thrift, and the values ascribed to the late 19th century are offered as evidence that hers has been a unique contribution. Perhaps. She has certainly brought one peculiarly un-English additional ingredient to what is otherwise a fairly standard lower middle-class mix – namely a constant search for basic principles. She knows how to find the essence of a matter. She can express that essence in simple, popular, way, and apply it to policies with a strong will. These elements of the Thatcher character are what mark her out as a highly skilled politician. As such, she has contributed a great deal over the past decade. But it really is too soon to establish much more than that.



Alan Ross: Out of the Navy and into the media

Pen portraits of Bohemia

COASTWISE LIGHTS
by Alan Ross. Collins Harvill. £12.50, 254 pages

ROSS HAS left the Navy by the time this second volume of his memoirs opens and the postwar world is all before him. It is 1947 and he is on holiday in Paris with John Minton, the painter. Their louche hotel in Montparnasse overlooks the nightclub Le Jockey. Through Ross's window a trio of two men and one woman, all in the nude, may be observed, the woman knitting, the men observing the racing results, and occasionally fondling her.

This bizarre dumb-show is the most arresting moment in the book, which takes the story of Ross's life up to the present. It includes many perceptive pen-portraits of the novelists, painters and journalists whom Ross has known well during his diverse career: but lacks the intensity of the earlier volume, *Blindfold Games*, which had as its centrepiece Ross's first-hand account of one of the great naval battles of World War Two.

As a young naval officer on leave in London, Ross made occasional forays into the pubs of Fitzrovia, where he enjoyed the sense they offered of a classless, hard-drinking, hard-talking bohemia, going back to the 1920s. Now he comes to know some of the Fitzroy regulars, particularly the painters, such as Minton, Craxton and Vaughan, as close personal friends. We see them away from the pubs at work in their studios, Minton collaborating with Ross on a travel book about Corsica. But what sad lives these immensely gifted gay men led, often taking a lonely road to suicide via the bottle.

Fortunately Ross himself soon discovered a new occupation as a sports journalist on the Observer. He tells how he made his reputation as a cricket-writer and at the same time as a poet, one with a particularly keen eye for landscape. He prints some of his poems in between chapters. His ability to live, with apparent ease, in various worlds, rural and metropolitan, aesthetic and athletic, social and solitary, is a notable feature of the book. He brings his famous literary friends, Cyril Connolly, Henry Green, William Sansom, to life while himself remaining modestly in the background. He remembers T. C. Worsley, drama and then television critic of the FT, and one-time wicket-keeper for Cambridge, with affection.

Ross's takeover of *The London Magazine* (which he still edits) from John Lehmann; his publishing coups; his love of Sussex and support for Sussex cricket; his latterday flings as a racehorse-owner, complete the picture of an accomplished all-rounder in a book which is both a pleasure to read and faintly puzzling as to where the talented author's true commitment lies.

Anthony Curtis

The trivia of an improbable life

CHRISTOPHER MARLOWE AND CANTERBURY
by William Urry. Faber and Faber. £12.95, 186 pages

THE FAMILIAR portrait on the jacket is probably not of Marlowe, says Dr Urry in a note. "Probably" is a common word in this book, much of which is in the conditional mood, for Urry's principle was that "the trivial details are really the important things of life," and his portrait of Marlowe is chiefly fine shading, with few bold lines. William Urry was city and cathedral archivist at Canterbury until his death in 1981. His posthumous book on Marlowe has been edited with a helpful introduction by Andrew Butcher.

We are told the names of 80 boys at The King's School, Canterbury, including Marlowe (or Marley, as the family was generally known), with details of many of them. We know what books there were in his headmaster's library. We know a lot about the lives of Marlowe's father, mother and sisters. We know the names and standing of the 16 men who sat on the jury at Marlowe's inquest. Urry revelled in such detail.

John Marlowe, Christopher's father, was a shoemaker from Faversham, who became a freeman of Canterbury at the age of 28. Urry quotes a number of law cases in which he was involved and sums him up as "rowdy, quarrelsome, awkward, improvident, busy, self-assertive, too clever by half" – characteristics recognisable in what we know of his son.

But the truth is, much as we have learnt about Marlowe's family, we still do not know much about him. He went to The King's School when he was two months short of 15, and left two years later for Cambridge, on a scholarship provided by Archbishop Parker. He graduated BA in 1584, but was turned down when he applied for his MA. Urry says that his activities had been "clouded by obscurity," but he had made a name as a constant absentee and a homosexual atheist Roman Catholic. He was granted his MA on the intervention of the Privy Council, so he was (probably) a government agent of some kind, but of what kind we are not told.

In London, Marlowe was more than once in trouble, and in Flushing, he and one Robert Baines were arrested for coining. They blamed one another, and Baines submitted a report of all Marlowe's blasphemous faults. Then Thomas Kyd was found in possession of "vile, heretical" writings he said he had had from Marlowe.

On May 20 1593, Marlowe was arrested and commanded to report daily to the Privy Council. Ten days after, still at liberty, he was with Robert Poley, Ingram Frizer and Nicholas Skeres at Mrs Bull's house in Deptford.

Here at last are some bold lines of narrative – from the record of the subsequent inquest. After supper, Marlowe lay on a bed, while the others played backgammon. A dispute arose between Marlowe and Frizer. Marlowe jumped up, pulled Frizer's dagger from its sheath and attacked him with it. Frizer snatched the dagger and accidentally stabbed Marlowe in the eye. Marlowe died in a few minutes, "cursing and blaspheming to his last gasp."

Grateful as I am for all the detail (there are eight Appendices, and several pages of notes, apart from the editor's introduction), I do not feel I know Marlowe much better than I did.

B.A. Young

Bonnard in his studio in 1945, one of Cartier-Bresson's photographs included in Bonnard at Le Cannet (Thames & Hudson, £18.00) by Michel Terrasse, the painter's great-nephew, who now owns the house in the South of France where so much of the painter's work was done

Divided land of despair

THE YELLOW WIND
by David Grossman, Jonathan Cape. £10.95, 216 pages

EVER SINCE Israel captured the West Bank and Gaza Strip 21 years ago, the more far-sighted of its citizens have been warning of the corrupting effects of occupation. As the leading academic Yeshayahu Leibowitz put it, it is impossible to be occupiers and remain moral.

In this haunting book, David Grossman describes the contagious malaise the occupation has created among both Palestinians and Israelis, like a rottenness spread through "two apples touching at a single point of decay." And he does it in the only terms which really count: by disentangling poignant threads of individual human experience from a uniquely dehumanising situation.

Grossman, a prize-winning Israeli novelist, set out on a seven-week journey through the West Bank at the suggestion of an Israeli news weekly last year. He shunned the politicians or officials and sought "the real players in the drama." He visited Palestinian refugee camps, Jewish settlements, military courts, divided Arab villages, the dormitories and workplaces of sweated and illegal Arab labour in Israel – the whole taut and twisted infrastructure of the occupation. He discovered a world which, despite its presence on their doorstep, many Israelis treat as a series of guilty secrets.

It is this impression of physical proximity coupled with psychological alienation – so near and yet so far – which gives the book its raw power. In anecdotes (and one slightly incongruous short story) told with painful sensitivity and resonant prose, Grossman finds his way into the hopeless dreams of the refugees, the hermetic paranoia of the settlers and the topsy-turvy world of the administrators and collaborators.

He looks for the common bonds of humanity between two peoples fervently attached to the same land and with a shared experience of dislocation. He more often finds horrible abstractions: a world in which Jewish and Arab children dream about each other in stereotypical terms as "criminals" or "oppressors;" in which thoughts of revenge (the Yellow Wind of the title) run as a persistent current beneath the grinding and absurd routine of occupation.

Grossman is brilliant at describing how Israel's attempts to "keep order" in the territories have become something different: a comprehensive effort, through bureaucracy, intelligence-gathering and carrot-and-stick controls, to impose its will on the Arabs under occupation, which has only succeeded in defining Palestinian national consciousness more sharply than ever.

The hatred stored up over 21 years has only begun to show its true face with the Palestinian uprising of the last seven months. This book by an eminent Israeli demonstrates that if his fellow-countrymen believed that the situation which existed before was "normal," they were simply deceiving themselves.

Andrew Gowers

Fiction

A world of voices

LOVE IN THE TIME OF CHOLERA
by Garcia Marquez, translated from the Spanish by Edith Grossmann. Jonathan Cape. £11.95, 352 pages

BLACK BOX
by Amos Oz, translated from the Hebrew by Nicholas de Lange, in collaboration with the author. Chatto and Windus. £11.95, 259 pages

PEKING
by Anthony Grey. Weidenfeld & Nicolson. £12.95, 645 pages

THE MORE than good writer (I hesitate to use the word "great") has his own voice. It may not be loud or quirky, but even in translation it reflects his presence, his inner world. Two of these three novels have wholly individual voices, worlds entirely their own, a physical presence no one else could conjure.

Love in the Time of Cholera is, like nearly all Marquez's work except his earliest, the huge portrait of a world: a continent, a culture. Over the great, jungly South America of which he writes is laid a Spanish world mingling sophistication with rootlessness, the exquisite with the brutal; a world where racial and social distinctions, because of those jungly pressures, are stricter than they would be in Europe.

When the novel opens, a widow in her 70s is told by the suitor who approached her nearly 60 years before that he still loves her. By birth he does not belong to her sphere, in which her late husband was the city's grandest grandee with the oldest Spanish name and most illustrious ancestry. Florencio, the old suitor, now in his 80s, is illegitimate and what used to be called an octaroon. But money and success have brought him closer and the story ends with most touching celebration of elderly love I remember:

"Beyond the pitfalls of passion, beyond the brutal mockery of hope and the phantoms of disillusion: beyond love."

Though the ending has a characteristic touch of Marquez fantasy – the riverboat on which the old couple is honeymooning, owned by Florencio, hoists the cholera flag to keep out intruders and is set to sail on forever – the book's form is on the whole more realistic and straightforward than *One Hundred Years of Solitude*, more obviously concerned with social detail, in this case in the lives of the white and well born. But Marquez's voice (in a translation that reads very well) is unmistakable, his presence as powerful and idiosyncratic as ever.

Powerful, too, is the voice of Amos Oz, whose collaboration with his translator may have ensured that its vibrancy comes across. *Black Box* is a good title for a story as urgent, modern and last minute as his novel, with its headlong, ferocious energy of style and narrative.

Told in letters and telegrams, it brings to life Ilana, living in Israel, her ex-husband Alex, in London, her present husband Michel, a young delinquent with the funniest spelling since Daisy Ashford, and assorted others (a sister, a lawyer). If Alex seems a kind of Shavian superman, Michel is something of a Dostoevskian saint (crossed with an almost Donald Duck-like religion for a story is); and between them Ilana is flung about by passion, hatred, affection, irrationality, loyalty, tenderness – above all by a retrospective but unassimilated obsession with her ex-husband which all the sweet absurdity and goodness of the new one cannot abolish.

Shrill, vindictive, abusive, eloquent, her letters play on the past, on memory, as on some instrument of extraordinary resonance; while Alex's telegrams fetter her to reason, anger, money and the mundane. It is all exhilaratingly bizarre, a family entanglement of enormous complexity, yet credible.

The trouble, as with all epistolary novels, is that ordinary letter writers do not write like that – as articulately, as wittily. Even the telegrams are models of epigrammatic brevity. Nor in real life is the past rehashed in detail between those who have shared it: they already know what the reader has to be told. But accept the conventions and the rewards, in this case, are great.

Peking is a blockbuster: its voice is not individual and therein lies its difference from the other two. As blockbusters go it is good, full of interesting facts, an excellent read, panoramic in scope and often powerful in effect.

Its hero, a missionary, is, like Florencio in Marquez's novel, in love with the same woman across 50 years: a Chinese communist from a rich family who survives the Long March but is crushed by the Cultural Revolution. Terrible things happen across the half century, the worst perhaps being betrayals within families. Fascinating stuff: but what counts, and certainly what lingers on, is the teller of the tale, the voice behind it. In this case, though the tale is good, the voice is anonymous.

Isabel Quigly

CRIME

William Weaver

LONG CHAIN OF DEATH
by Sarah Wolf. Collins, £9.95, 244 pages

A LONG book, but the length is almost justified by the complexity of the crimes and the ingenuity of the solution. Sarah Wolf's first novel reveals a confident narrative talent, a transparent prose style, and a welcome humanity. Occasionally there is some needless repetition, but for the most part the tension holds.

SPEAK FOR THE DEAD
by Margaret Yorke. Mysterious Press, £10.95, 207 pages

AN OLD crime begets a new one, and old injustice leads to belated retribution. Margaret Yorke's story is neat and terse, with some touches of wry humour (a befuddled housewife tries to defect to the USSR). This author is alert to fine, middle-class social distinctions: the unhappy families who provide the *dramatis personae* are tellingly portrayed.

THE SALAMANDER CHILL
by Roy Lewis. Collins, £9.95, 182 pages

ROY LEWIS'S ex-cop solicitor Eric Ward becomes involved in some financial mischief: arbitrageurs, insider trading, and so on. Perhaps specialists will be fascinated; but for the ordinary reader there may be more information than fun here. Still, Lewis is always a fine writer, and admirers of Eric (and his wealthy, attractive wife) will stick with this story to the satisfactory end.

The Master as he may have been

E. F. BENSON AS HE WAS
by Geoffrey Palmer and Noel Lloyd. Lennard Publishing (92 Hastings Street, Luton, LU1 5BH). £12.95, 208 pages

TO ATTEMPT a biography of any of the Benson brothers, A. C., E. F., or R. H., calls for uncommon fortitude. To wade through the torrents of melting slush that poured so compulsively and so lucratively from their pens is an undertaking hardly to be contemplated without dismay. Fortunately, Geoffrey Palmer and Noel Lloyd have evidently enjoyed this part of their task. The 20 page appendix supplies something approaching a *catalogué raisonné* of the Master's work.

Annotation rather than composition seems their preferred mode. The book consists of short jerky paragraphs containing short jerky judgments. There is no sense of mystery or tentativeness, without which no portrayal of any human being by another can appear convincing. Confident assertions of the inner feelings of a character are permissible to the novelist but not to the biographer, unless he has access to a document such as the three million word diary kept by the eldest Benson brother, A. C.

No authority is cited for any of the frequent and vehement statements about the feelings, ambitions and private thoughts of the members of this undeniably strange family. Indeed, towards the end of the book the authors seem to realise this. "He does not intend us to know the secrets of his heart. . .Fred Benson was a very private man." Just so. And their habit of referring to him as Fred suggests an easy, offhand familiarity inappropriate to the subject.

The book, though described as a biography of the author of the once-again fashionable Lucia and Miss Mapp stories, is almost as much about the other members of the Benson family. Their ill-health, from the agonies of arthritis, the dark terrors of mental disease, down to indigestion and colds, are all too faithfully chronicled.

The scope offered by the family for the study of various homosexual longings and relationships is warmly embraced. E. F. Benson himself was perhaps too careful, perhaps too timid, to provide the personal evidence as opposed to the predilection obvious from such books as *David Blaize* and *David of Kings*. But here, as in many other things, one would like to know what is conjecture, what expression of authorial opinion, and what is supported by evidence.

The description of the background to Benson's life does not inspire confidence. Among many solecisms is the statement that A. C. Benson, as a master at Eton, used "to go round the dormitories every night and tickle the boys in their beds."

The book would have indeed have gained from some elementary editing: for example, the chronology of the relationship between A. C. Benson and George Rylands is self-contradictory.

The literary judgments are too enthusiastic, but the authors are surely right in drawing attention to Benson's skill as a memoirist and above all to the lasting damage inflicted on his talent by a too easy, early success. The illustrations are interesting and well chosen but the typographical design of the book is ugly.

Richard Ollard

• ARTS •

Susan Moore reports on the five exhibitions commemorating the bicentenary of Gainsborough's death

Convivial company of a man of genius

GARRICK IS said to have remarked of his friend Thomas Gainsborough that "His cranium is so crammed with genius of every kind that it is in danger of bursting upon you, like a steam engine overcharged." An accomplished amateur musician, and sparkling correspondent, impulsive, compassionate and generous, he ranks among the most engaging personalities of British art.

His daughter described him as having two faces, "his studious & Domestic" and "his Convivial one." Both sides of the coin emerge in the five exhibitions organised to commemorate the bicentenary of the artist's death. Rather than piecing together a comprehensive survey of his career – that was the role of the major Tate retrospective in 1980 – they focus on his family, his years in Bath, and on individual canvases.

At Gainsborough's House, the family home in Sudbury, Suffolk, most of Gainsborough's relations have been gathered for the wake (until September 18). A motley run of provincial portraits – Gainsborough's included – complement the new research, and attributions, published in the catalogue. Here is the artist's father, a milliner and clothier, and Non-Conformist (his mother was an amateur flower and fruit painter); his elder brother "Scheming Jack," a hairbrained inventor whose few completed creations included a self-rocking cradle. His closest brother, the Revd Humphrey Gainsborough, proved a far more distinguished engineer (his fire-resistant safe and security chain on show are unfortunately among the few inventions to survive).

Only by the second portrait of Humphrey – the first is a schematic Holbeinesque profile – do we at last find a sensitive, accomplished likeness, recognisably by the artist's hand. In the portrait sketch of his nephew and only pupil Gainsborough Dupont, of 1772-75, his imagery and bravura brushwork has progressed to full-blown Van Dyck.

Gainsborough is said to have painted his wife, Margaret Burr, every year of their marriage. (It has recently been argued that she was the natural daughter not of the Duke of Beaufort, but of Frederick, Prince of Wales.) Theirs was obviously a union of deep affection and understanding, despite her parsimony and Gainsborough's complaint that she was "never much formed to humour [his] Happiness" – or his not infrequent bouts of and fast living.

The five portraits here begin with a crisp if still naive self-portrait with his wife and elder daughter resting on a bank in a summer landscape. Eight years later, in a portrait from Berlin of 1758-59, she is double-chinned and careworn, around the age of 50, swathed in black lace. Her compelling expression, comprehending and compassionate, miraculously hovers on the surface of the paint. In the following impression, that fugitive sympathy has disappeared, and Mrs G is definitely out of sorts.

The artist's devotion to his much-painted two daughters is all-apparent. Molly and Captain, as he called them, were translated into oil with a spontaneity and intimacy lacking in his other portraits of children. Their portraits in the National Gallery are well known, but for our delectation Gainsborough House has borrowed (from Worcester, Mass.) a portrait of 1763-64 which has not been seen in England since 1917.

Unusually, the girls are set in an interior, with a model of the Farnese Flora, clasping folios and paintbrush. (Their father taught them to paint in case they should need to earn a living.) A delightful double portrait (the aquamarine silk of Margaret's dress is glorious), it is a less successful composition and one with which the artist obviously had problems. The thin, dry paint reveals an unusual amount of pentimenti.

But even they added to his burdens. Thicknesse, Gainsborough's early biographer, talked of the "thin membrane which kept this wonderful man within the pale of reason," and both daughters suffered from some form of mental illness. Against his wishes, Mary made a disastrous marriage to the oboist Johann Christian Fischer in 1780, and soon after subsided into insanity, believing her true match to be the Prince of Wales.

Like the best of wakes, the show is thoughtful and thoroughly enjoyable. The quality of the pictures and the catalogue is impressive, not least on the limited budget of an independent museum.

The "convivial" company portrayed at the Holburne Museum, Bath, (until August 14) were more used to playing to the gallery than appearing in it. Garrick, and his fellow actors James Quin and John Henderson, the musicians Carl Friedrich Abel, Thomas Linley, Felice Giardini and William Jackson all counted among Gainsborough's friends in Bath. His portrait on show of the ample Abel, a gambist and favourite drinking companion, only came to light last year.

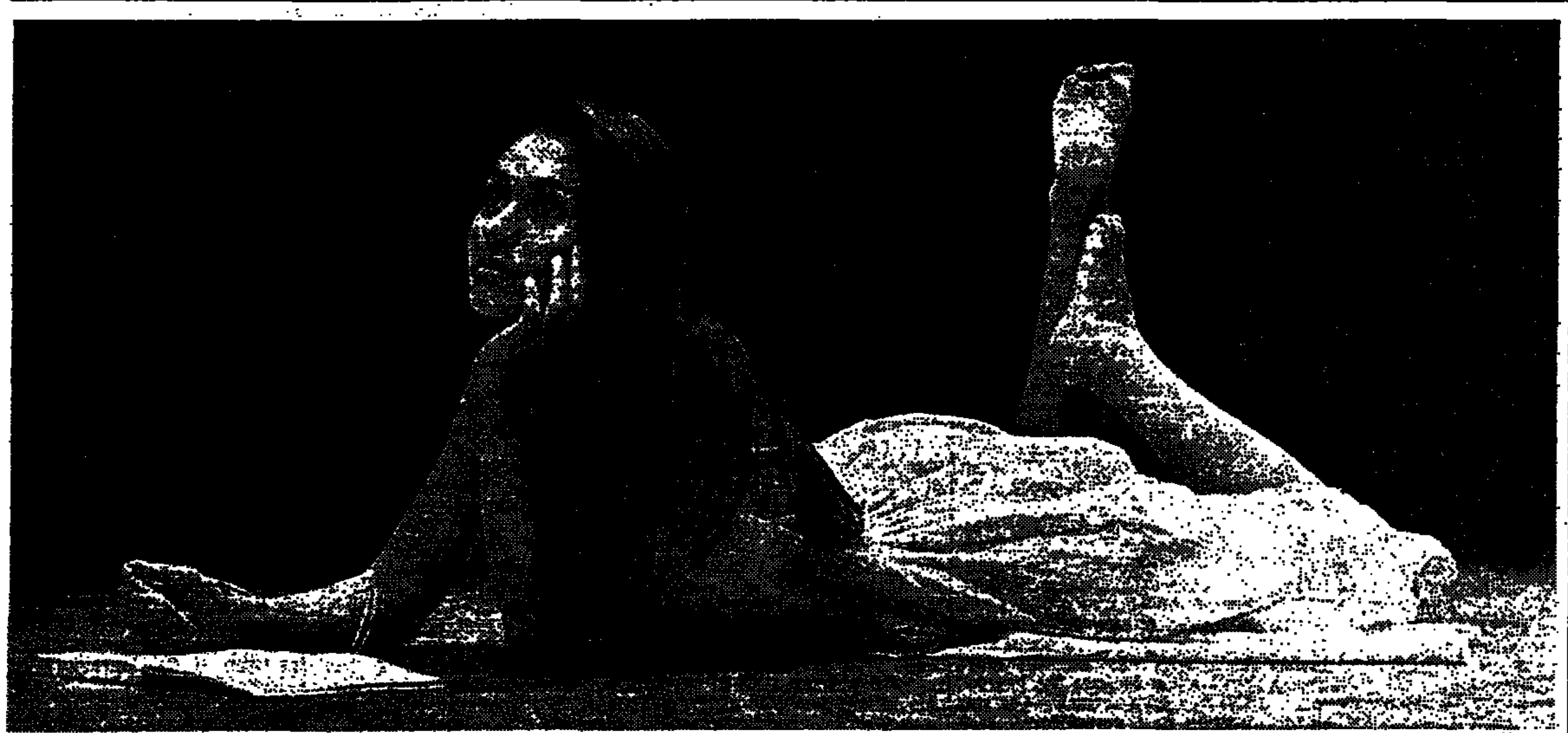
The Gainsboroughs had moved from Ipswich to Bath in 1759, and business, at last, took off. His 15-year sojourn in the city produced a sequence of consummate portraits (and landscapes), gaining an assurance, grandeur and a range of original poses. His was no small debt to the Van Dycks that he copied at Wilton.

It was during this period that the artist executed the portraits that are explored in depth in London. The ravishing full-length of Countess Howe, shimmering in pale pink and cascades of lace, will be temporarily reunited with her husband Admiral Lord Howe, at Kenwood (August 3-October 30). At the Dulwich Picture Gallery the talented Linley family are in the limelight (September 21-December 30).

Here, the focus is the double portrait of "The Linley Sisters." Elizabeth, one of the foremost singers of her day, eloped with and later married Richard Brinsley Sheridan. In the artist's portrait of her 13 years later, on loan from Washington, he has achieved the ultimate Romantic synthesis of sitter and Nature. Both are confected out of the same fluid paint and rhythmic brushstrokes. Landscape is no longer a lovingly painted backdrop.

All of these exhibitions treat Gainsborough as a portraitist, yet he remained at heart a painter of the English landscape. The Peter Pears Gallery at Aldeburgh, until tomorrow, charts his efforts as as one of the most innovative printmakers of the 18th century

The Artist's Daughters at Gainsborough House, not seen in this country since 1917



Georgia Slowe: sexual awakening to the sounds of a guitar

Glorious Greek

THE BRADFIELD Greek play has been excelling itself with the *Alcestis* which ended last Thursday. In the depths of Berkshire, the Bradfield schoolchildren have measured up to the verse of Euripides' earliest surviving play, performing it for nearly two hours in the original Greek.

The open-air theatre has been packed. There has been no chanting into the blue, no frozen poses and no vulgarisation by a producer's ego bigger than a classical play's restraint. The great death-scene moved me; the happy ending was all the better for being played by young actors.

Like the school, but unlike Euripides, the cast has gone co-educational. The Greek lines were delivered with no greater margin of error than an English version. The results deserve public acclaim, a worthy heir to the Bradfield *Alcestes* of the 1890s: there cannot have been a better school performance this year.

Alcestis is the charming young lady who agreed to die instead of her husband so that he could go on managing the business because he was so good at it. The plot is based in myth; another dramatist had already tried it and I doubt if there were any budding Alcestes at the first Athenian performance in 438 B.C: for one thing, women were probably kept out of the Athenian theatre; for another, the plot is a mythical predicament and the heroine is seen as a very special volunteer. An Athenian man did not expect every Athenian to do his duty; and it is not easy to pin down the exact degree of male chauvinism in it all. I disagree with the programme's view that Euripides was being ironical or that the husband, Admetus, is put in a bad light.

The play has been underestimated by many scholars because it is not a tragedy. It is a melodrama with a happy ending: Alcestis returns to life, thanks to the visiting Heracles and her husband's generous sense of hospitality. Barnaby Loehnis's Heracles grew more and more convincing, a festive figure in a house of mourning. Darrell Brockis as Admetus was never more telling than when re-entering his home after his wife's death. As Alcestis, Katherine Perry had a young dignity; her maid, Lisa Royal, stood out among the minor parts.

The chorus is always a difficulty. At Bradfield, it moved quite solemnly and was better when singing than speaking. Throughout, the actors tended to declaim their Greek aggressively and therefore found variations of emotion more difficult. I did not like the attempts to suit the Greek to the character by giving it an "apt" English accent: working class for a servant, nasal for the mean old father.

Although the Athenians gave the play second prize to a lost masterpiece by Sophocles, they must have enjoyed it, the last in a notable quartet. The moods of each scene are so beautifully contrasted. Like one of its companion plays, its lines were still being parodied in comedy some 15 years later.

The Bradfield production now moves to the Greek theatre at Thasos on July 29 and 30, thence to Philippi August 1. The Greek is not difficult: in the 1950s, we were expected to do *bits of it* at school, aged 11. If you could manage it once, now is your chance to revive it in admirable company. On Thasos, the proceeds will all be given to local charities.

Robin Lane Fox

Capulets come to Cuba

TEMBA THEATRE Company's touring Romeo and Juliet arrives in London at the Young Vic to the pregnant guitar accompaniment of the caringa and zapateo. The scene is transposed from fair Verona to fair Cuba (which doesn't scan, alas) shortly after the ten years' war and the surrender, in 1878, to the Spanish colonial Government.

This is actually quite a good idea, although Alby James's production, which unfolds at a pace less funereal than moribund, does not illuminate the source of aggravation between the Montagues and the Capulets any more than does Shakespeare. What does come across, and with some vivacity, is the explosiveness of sun-drenched street life in the first uneasy days of peace.

As Romeo, in professional debutant David Harewood's energetic performance, is obviously a second generation immigrant African slave, the ancient feud takes on an air of class war. The Capulets are indigenous landowners, although the marriage of Juliet's parents has smouldered with resentment fuelled by miscegenation; Lady Capulet (Dell Nelson) is more native than Jon Rumney's crudely semaphored white sahib.

The overall relocation in time and place is not dissimilar to Richard Eyre's version of The Changeling at the National Theatre, and I for one am not so purist as to take offence at Mr James's imaginative conceptualising. He seems to me, at the very least, to be approaching the play in a manner contiguous on the aims and cultural constituency of his primarily black company.

There is, to be sure, some undernourished acting here, but not among the black ranks. Mr Harewood, who played King Lear at drama school and who has a shorn head, thick neck and threatening physical demeanour comparable to Mike Tyson's, is an exciting new presence. Joe Dixon's Mercutio is a cultured Rastafarian, acrobatically assaulting a steel garden swing for the Queen Mab speech and fighting like a dervish. All the fights (by Terry King) are good, Romeo sticking Mark Crowshaw's languorously provocative Tybalt with a knife almost in ghastly error.

Georgia Slowe is an affecting Juliet, better than most at charting the flood-tide awakening of sexual passion and speaking the verse with more competence than Olivia Hussey (in Zeffirelli's film), whom she resembles. The balcony scene is played in reverse topography, and the marriage eve bedding, like the *ambiguous sword play and* thrusting imagery elsewhere, is spiritedly done.

Andrea Montag's Cuban corral is bedecked with national flags and gives off, too, the sense of a military garrison. Persistent balletic interludes and musical underpinnings from guitarist John Zaradin have the effect of dragging down the proceedings, sometimes fatally. Still, there are encouraging signs here of intelligent interpretative life.

Michael Coveney

Comedy Born Yesterday

GARSON KANIN'S 1946 comedy *Born Yesterday* was a liberal breeze in America's post-war calm before the McCarthyite storm. A hotel maid can joke about being a Communist; freedom, democracy and fair shares can be trumpeted abroad as American virtues rather than unAmerican activities. And the racketeer in Washington to buy a corrupt senator can reveal himself a villain with his talk of every man for himself and dog eat dog. Today he would win plaudits from Tory women MPs for touting Wimbledon tickets, a true exemplar of market forces.

Despite a London production with Hartley Power and Yolande Donlan, the play is best known through the film version which propelled Judy Holliday to greatness as Billie Dawn, dumb chorus girl turned swindler's moll, whose crash course in culture with an idealistic young journalist blows the whistle on financial finagling.

Greg Hersov's production at Manchester's Royal Exchange gives us Brenda Blethyn as the broad with the slumbering brain. She faintly resembles her predecessor, perfectly in period (costumes by Anthony Ward) with pompadour curls, broad of shoulder and high of bust, her approximation of a sexy wiggle (Billie owns to 29) emerging as a flouncing waddle. She lacks Holliday's ferocious, glazed-eyed incomprehension, and the initial corncrake caw of "whut!" is unkindly drowned by Derrick O'Connor's sloppily undisciplined naturalism in the crook's role; but the performance is on the way to being a gem.

Elsewhere the production needs pace, thrust and cohesion. This is noticeable in the criminally revealing dialogue between racketeer, bent lawyer (Tom Watson) and venal senator (Tony Broughton, slightly undercharacterised). Sadly, one of the play's great comic moments is muffed, either through miscalculated mood, timing or emphasis. "Glasses, they're terrible!" shrieks Billy when urged to help her appalling eyesight. Noticing her radical tutor's hornrims, she suddenly, out of the blue, plants a smoochy kiss on his face. "Of course, they're not so bad on a man," she resumes, disengaging from the stunned recipient. Not a titter.

Among the positive elements that will surely fall into place is Terence Wilton's crusading journalist. At first slightly too redolent of public school decency, and miles away from the off hand confidence of the film's William Holden, he conveys the wry idealism and rueful grit of liberal America.

Martin Hoyle

CHESS No. 729
1 Q-QB3 (threat 2 N-B6), PxQ; 2 N-B6, or if KxR; 2 Q-B3, or if NxR; 2 Q-N3, or if NxN; 2 Q-B6.

Video

Black comedy month

WELCOME TO black comedy month. The gods of the VCR have deemed that grim chortles are the stuff for British homes this midsummer: doubtless on the assumption that we are already operating on the grim-chortle mode after the European Soccer Championships and the British showings at Wimbledon.

So queue up, please, for *Dr Strangelove* (RCA/Columbia), *To Be Or Not To Be* (Video Collection), *House Of Games* (RCA/Columbia), *Cobra Verde* (Palace) and several other helpings of saturnine wit. Black comedy is a delicate art. Hang back too far from the blackness and you risk insipidity. Go too far into it and you risk losing your laughs.

Dr Strangelove, Stanley Kubrick's 1963 comedy of nuclear alarmism, is the definitive blend of the ribtickling and the spine-chilling. Peter Sellers in his best role – correction, three roles – triples up as a *mad scientist*, a dotty RAF officer and an Adlai-Stevenson-like US President; and the countdown tensions grow in the magnificent Pentagon set designed by Ken Adam. Best of all, giggle in horror at the final shots of Slim Pickens riding the Bomb to Earth, while Vera Lynn on the soundtrack assures us we'll all meet again.

Twenty years before Dr S, another classic of pitchy mirth – and the best black comedy to come out of World War 2 – emerged from Hollywood. Ernst Lubitsch's *To Be Or Not To Be* (not to be confused with the dire Mel Brooks remake) is a perfectly-honed stiletto placed between the shoulder-blades of A. Hitler. Jack Benny and Carole Lombard lead the Shakespearean acting troupe adrift in *Nazi Germany*. Sig Rumann is their eye-popping Third Reich antagonist, and the movie has a fierce but featherlight time lampooning militarism, Teutonic protocol and the moustachioed ex-house-painter himself.

Some of the best black comedies do not advertise themselves as comedies at all. Examples: David Mamet's *House Of Games* and Werner Herzog's *Cobra Verde*. Mamet's witty, mazy thriller of cardsharpers and hoaxters is played with a poker face, but its deck of cards includes comedy and pastiche as well as surprise and suspense. (Look at the murders that turn out not to be murders, the mock film-noir lighting and the spoof-B-movie dialogue). And Herzog's African slave-trading romp was savaged by most critics because they thought the movie was made with and for a straight face. Pshaw. View it as a savage farce – and how else view Klaus Kinski's OTT performance as a blond-haired ex-bandit building forts, raving at chieftains and *running his own* women's army in 18th century Dahomey? – and the film takes on a wonderful mischief and lustre.

Also swimming into the black comedy catchment area are two July releases from the BBC. John Schlesinger's film of Alan Bennett's *An Englishman Abroad*, soon to be translated to the stage at the National Theatre, is a deftly malicious Cold War cocktail, mixing Guy Burgess (Alan Bates), Coral Browne (Coral Browne) and the city of Moscow (Dundee). And Mike Leigh's *Abigail's Party* is a justly established TV classic: the get-together of half-a-dozen social preeners and predators over wine and sub-Hampstead chit-chat. What begins as a Sauterne-and-nibbles soiree turns into a comic *walpurgisnacht* of mishap, peccadillo and provocation.

Elsewhere in July, the video tombola is as capacious and hazardous as ever. If you are lucky, you will stick your hand in and pull out W.C. Fields in *Sally Of The Sawdust* (Video Collection) or Willem Dafoe in the tangy bikers-with-existentialism oddity *The Loveless* (Palace) or the swashbuckling *Romancing The Stone* (CBS/Fox).

If you are less lucky, you will reach in and come away with Cliff Richard. *Summer Holiday, Wonderful Life* and *The Young Ones* have all just been released, doubtless for good behaviour, by Warners. Britain's all-singing, all-dancing human moral-hygiene advertisement hops about Britain and Europe warbling the hits of yesteryear. *Quaint, tuneful and* mainly for nostalgia addicts.

Nigel Andrews

Radio

Intelligence overheard

SINCE I live within a stone's throw, or anyway a rifle-shot, of GCHQ, I may well encounter security officers of one kind or other whenever I go to Sainsbury's. I would like to know their reaction to *My Country, Right or Wrong*, the three programmes about them on Radio 4 that were hastily crammed into the week's schedule so as to get them in before the publication of the Government's new White Paper. But already these programmes had been condemned because information had been given in them by current or former members of the security services, so perhaps they would be reluctant to say.

My Country, Right or Wrong (Radio 4, Tuesday, Wednesday and Thursday) proved to be of academic, rather than security, interest. They put three principal challenges: (1) to whom should the security services be answerable? (2) are they sufficiently accountable? (3) have we the right, or even the desire, to know more about them?

Paul Barker, who presented the programmes, extended his researches widely among people of both liberal and conservative opinions. We got an interesting vignette of what Intelligence life is like, from the former member of MI6 who claimed that more value might be put on information "smuggled in the flybuttons of a Bulgarian pimp" than in something more coventionally learnt, to the 23-year-old university graduate sitting at a desk collating and analysing facts about her fellow-citizens.

Who should actually be responsible for our security services, and to what extent their activities should be known to Parliament and to the public, are problems to which a variety of different solutions were proposed. Paul Barker contrasted our system with those of Israel, West Germany and the US, all of whom have closer Government control than we. In Germany, indeed, their equivalent of MI5 publishes an annual report.

As it happened, the Government published its new White Paper before the third of the programmes was transmitted on Thursday and so rendered some of the discussion less pointed. It is not for me to argue about the values of the White Paper; what I care about is the ability of broadcasters to offer contentious programmes. *My Country* had already been passed by the D Notice Committee before the Government intervened with its injunction.

So it can hardly have been thought that anything in it prejudiced the national interest, despite the clear breaches of confidence. Contentious themes seem generally to be reserved for television.

Folk on 2 isn't a programme I often listen to, because what is called folk music nowadays is not folk music as I understand it. But on Radio 2 on Wednesday there was an interesting reminiscence of *The Ballad of John Axon*, the first of the "radio ballads" that enjoyed a short season some 30 years ago.

The radio ballad was the invention of a director, Charles Parker, as a kind of poetically-inclined feature. John Axon was a railway engine driver who one day found himself with a broken steam-pipe; his cab was full of scalding steam through which he and his mate had to find the brake controls and stop the train, which was running down a hill towards another train on the same line. They were never able to do it, but Axon stayed on the footplate until the inevitable collision. He now has a BR engine named after him.

The usual BBC practice then would have been to make interviews on tape, take the material back and refurbish it to be spoken by actors. Parker decided to make a new kind of programme, and called in Ewan MacColl to write a poetic script and Peggy Seeger to provide apt music. The result was a remarkable cocktail of straightforward speech, popular song and reproduced sound. True "folk" or not, it was good to hear again.

B.A. Young

WEEKEND FT

• SPORT •

Wimbledon tennis/John Barrett

Martina faces her date with history

'Graf is favoured but there could be no more formidable obstacle than the eight-times champion'

THIS AFTERNOON, despite a couple of late alarms from Martina Navratilova towards the end of the second week, Wimbledon will stage the ladies' final for which everyone had been keeping their fingers crossed – the world champion versus the reigning queen. To attain immortality, Navratilova, the winner for the past six years and going for a record ninth singles title at Wimbledon, must conquer Steffi Graf, the 19-year-old West German who last August took over Martina's mantle of world number one.

It is, of course, a repeat of the 1987 final, which Navratilova won 7-5 6-3, and it will be their 11th clash. Although Graf has won only three of the previous 10, her form at Wimbledon, as it was at the French Open recently, has been formidable. She has cantered through six matches to reach today's final at a cost of only 17 games.

She did not drop a set, either, in capturing the Australian and French opens so, since being beaten 7-6 6-1 by Navratilova in the final of the US Open last September, Graf has reached the last stage at Wimbledon on a surging run of 20 consecutive matches in grand slam events without conceding a set. Not since the days of Suzanne Lenglen in the 1920s, and Helen Wills Moody a decade later, has there been such dominance.

Graf's form since that defeat at Flushing Meadow has been near-perfect, marred only by two losses in the spring to her doubles partner and teenage rival, Gabriela Sabatini. So, since her quarter-final defeat by Hana Mandlikova at the 1986 French Open, Graf has conceded victory to only two opponents – Navratilova in last year's Wimbledon and US Open finals, and the 18-year-old Argentinian at the Amelia Island and Virginia Slims of Florida events this year.

The German teenager's athleticism and booming forehand have now carried her to six grand slam finals in succession, and victory today would put her three-quarters of the way towards the fabled grand slam of the four major championships. The odds-makers favour Graf, but there could be no more formidable obstacle to her ambitions than the well-muscled figure of the eight-times champion.

In her past two matches this week, however – first in the quarter-finals against the unseeded Ros Fairbank, the American-based South African, and then in competition with her old adversary, Chris Evert, in the semi-finals – Navratilova was taken to three anxious sets. Clearly, the enormity of what she is hoping to achieve today had begun to prey even on her battle-hardened nerves.

She was lucky to survive out on court 14 against Fairbank, who had points to lead 5-2 in both the second and third sets. Had her own nerves not betrayed her, the likeable South African, ranked only 44th in the world, could have seized a famous win that would have assured her of a permanent place in the history books.

Thursday's semi-final win against Evert, Martina's 41st victory against her old friend and rival in their 71 meetings since 1973, ended on a slightly sour note. Having already saved three match points at 5-6 in the final set, the 33-year-old Floridian faced a fourth. As Martina closed on the net, Chris sped to her right and projected a flashing crosscourt pass beyond the reach of her opponent.

In the roar that greeted the apparent winner, no-one heard the linesman's cry of "Out" or the umpire's announcement of "Game, set and match to Miss Navratilova." Only the linesman's raised arm told Chris that her net-skimming forehand had fallen a fraction wide.

Navratilova and her coterie (parents, companion Judy Nelson and coach Tim Gullikson) have been at pains since Thursday evening to prepare solidly for today's potentially historic occasion. She will go on court tuned as finely as a grand prix racing car but knowing she will have to be at her most resilient to absorb the young German's heavy artillery.

I believe the match will depend upon Graf's ability to hit flat or topspin backhands, a shot she has been deploying with obvious relish since round one. Last year she could hit only slice shots on that wing, and Navratilova's volleying campaign destroyed her. The difference this year is that Steffi now believes she can win on grass. I shall be surprised if she loses a set.

Apart from the weather which curtailed Tuesday's play severely, Wimbledon's second week has lived fully up to expectations. Wet and gloomy conditions are a bane to every tennis professional, especially to the over-30s or those whose match fitness is suspect. In Paris recently, John McEnroe's eagerly-awaited contest with Ivan Lendl was postponed by rain and eventually started late on an overcast evening, only to be carried over to the next day. McEnroe could not cope with the demands. Similarly, Lendl's unexpected loss to Jonas B. Svensson in the next round had much to do with the energy expended by the world champion due to programme congestion.

In much the same fashion this week at Wimbledon, Jimmy Connors struggled to hold off the Californian, Derrick Rostagno, over five sets in the third round. Then, in conditions as chill and unpromising as McEnroe and Lendl had faced in Paris, he crashed to defeat in another agonising five-setter; this time to the promising German, Patrick Kuhnen, on court two, the famous "graveyard of champions."

After working so hard (and succeeding marvellously) in rousing the crowd's sympathy in the match with Rostagno, it was a pity indeed that Connors dissipated much of that popularity by his outburst when being thwarted by Kuhnen in the fifth set. It would be a pity if that turned out to be Connors' last appearance on the grass of Wimbledon.

The form of the 22-year-old Kuhnen was an unexpected bonus for the German nation, which had been expecting so much from its leading lights, Graf and Boris Becker. Kuhnen's enthusiasm did not survive a tough encounter with the third seed, Stefan Edberg, in the quarter-finals; but Becker, booming away as irresistibly as he had done in his Wimbledon-winning years of 1985 and 1986, more than compensated for that.

His quarter-final clash with the defending champion, Pat Cash, lived up to its billing as the match of the week. For excitement and power there was nothing to match it. Nor was it altogether surprising, with so much at stake for both of them, that a touch of needle crept in

For the connoisseur, the performance of the week was without question the beautifully crafted win of Miloslav Mecir over the number two seed, Mats Wilander. Up to this quarter-final, Wilander had looked immensely assured. He had lost no sets and had dealt with the thundering challenge of the Yugoslav giant, Slobodan Zivojinovic, in peremptory fashion.

But so subtle were the mesmeric moves of Mecir, so difficult to read were his lobs and passes, that the Swede, chasing the third leg of the elusive grand slam, could collect only an embarrassing seven games in three sets. This win was all the more remarkable because the bearded Czech, known as the Big Cat, was playing in a corset for a back problem that had kept him off the court for eight weeks. Small wonder he looked eager.

Boris Becker celebrates breaking the service of reigning champion Pat Cash in their quarter final match

Golf/Ben Wright

'He has become the brilliant all-round player his pedigree decreed he should be'

Strange no longer

WHO IS the world's greatest golfer? The question has been debated hotly through the ages, but never more so than in recent weeks. And, because there is such an international flavour to the debate, the four major championships have come more closely under scrutiny at a time when it had stupidly become fashionable, at least in the US, to brand them as unimportant: "Just another tournament," as the infuriating saying goes.

Ken Green, for instance, who was one of the three players defeated by Seve Ballesteros at Westchester recently, was quoted both on television and in the major New York newspapers as saying that it was more important to him to win either that event – the Manufacturers Hanover Westchester Classic – or the Canon Sammy Davis Junior Greater Hartford Open (July 21-24) than a major title because he was born very close to both venues in Danbury, Connecticut. Such absolute nonsense!

Curtis Strange has been pilloried (by me, among others) for avoiding the British Open championship consistently because it is played the week following the Anheuser-Busch Golf Classic at Kingsmill Golf Club in Williamsburg, Virginia, where he is affiliated; he also lives there with his family.

I have always regarded that as the lamest of excuses, particularly because many other American star performers who play at Kingsmill find it quite simple to get to the Open in ample time.

Strange also has adopted the irritating habit (to those of us who admire his consummate golfing ability) of showing up at the Dutch Open the week after the British event because he is paid a vast sum of appearance money. This year, Strange similarly went through the motions at the French Open (won, ironically, by Nick Faldo, his play-off victim in the US Open the week before at the Country Club in Brookline, Massachusetts).

Strange – reimbursed richly for a trip to Chantilly that must have been unwelcome in that it allowed him no time to savour his momentous first major victory – always has been accused of putting money first and foremost. But I believe firmly that, having won his first major, he now will rearrange his life style and take aim at the only four events that really matter any more in professional golf (now that the USPGA tour has become commercialised so hideously, with its European counterpart following suit slavishly).

I have much admired the maturing and mellowing of Strange, whom I have known well since he was an amateur of great class, later struggling around Europe as a newly-wed professional with his wife, Sarah, late in the 1970s. Subsequently, this very intense character established an unenviable reputation for his behaviour towards the public and the media.

Quite apart from the well-chronicled incidents, I was amazed a few years ago, on a very hot afternoon in Florida, when Strange uttered obscenities at a CBS commentating colleague of mine, Pat Summerall, a former US football star who politely had requested an interview to be broadcast live as soon as Strange had signed his scorecard.

My similar request to Jack Nicklaus, Strange's partner that day, was, as usual, accepted graciously. Strange, who had been told quietly by Summerall that he had better show up nevertheless, duly appeared sheepishly alongside us and apologised. But, in those days, this most driven young man had a notoriously short fuse.

Undoubtedly he still has, but he has accomplished a minor miracle in controlling his emotions – due in no small part, I believe, to his failure to win the 1985 US Masters.

Strange threw away a two-stroke lead and the tournament by finding the water at both the par-five 13th and 15th holes at Augusta National. For hours, days, weeks and then months afterwards, the slim, prematurely-grey Virginian had to field questions second-guessing him on his decision to go for the green with his four wood – a metal club, actually – at the 13th.

He fielded them all with unfailing good grace and self-control. I think his failure haunted him, but I also believe that it helped him to achieve an inner peace that has allowed him to become the brilliant all-round player his golfing pedigree decreed he should be. In short, I believe that Strange has no equal in the world at present – although we will find out about that at Royal Lytham.

Greg Norman, a victim of fate yet again at Brookline, is unquestionably the most popular professional in the world. In turn, Nick Faldo and Sandy Lyle are perilously close to Strange's heels, the former as much for his steadiness under pressure, the latter for his streaks of nonchalant brilliance.

Seve Ballesteros is by far the most gifted player of this suddenly exciting generation, following in the massive bearprints of Nicklaus. But the Spaniard is bedevilled by frayed nerves and, in my opinion, a much-too-volatile partnership with Vicente, his brother and caddy.

Several others hover within reach of Strange. In Europe, Ian Woosnam, without doubt the dominant world player of 1987, is slowly but surely regaining his best form after a costly (in terms of playing ability only) change of club manufacturing affiliation. But Woosnam has yet to make his mark on the US tournament scene, which also is true of the brilliant South African, Mark McNulty.

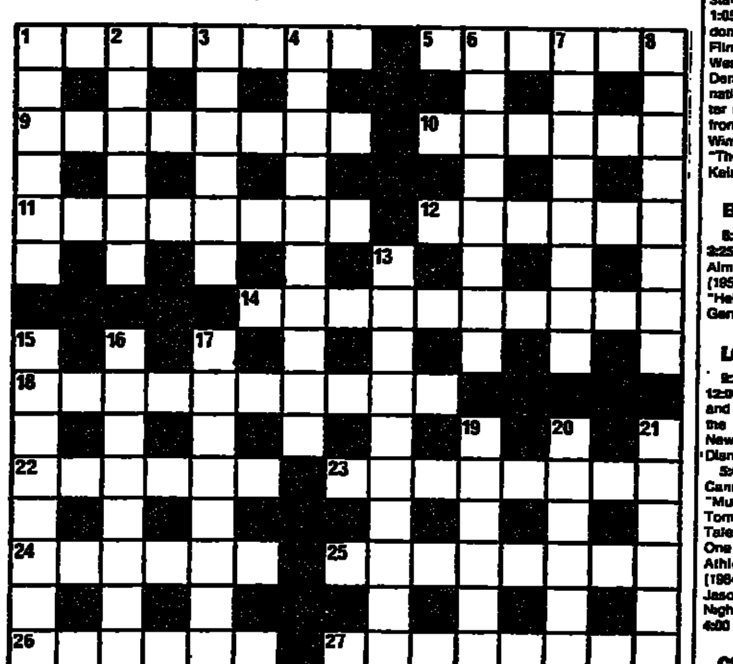
Jose-Maria Olazabal likewise plainly is capable of being as good as Ballesteros but he, too, needs to prove himself in the US.

In that vast country, Chip Beck – who told me this week that he definitely would play in the British Open – is, alongside Paul Azinger, the cream of the emerging crop. Lanny Wadkins and Ben Crenshaw also are capable of winning the Open, and both have sufficient sense of history to crave such a famous victory.

FT CROSSWORD No.6,671

SET BY GRIFFIN

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday July 13, marked Crossword 6,671 on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4BY. Solution on Saturday July 16.



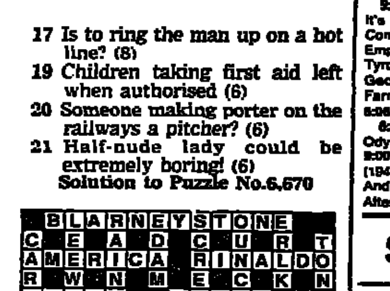
ACROSS

1 "Oh, what's upset the sailors, May?" (8)
5 Meaning to reach motorway, turns left (6)
9 Fetches each half in this position (8)
10 But without ringleader the Parisian turns cruel (6)
11 Really mad about races recently (8)
12 One the Queen follows; namely the sultan's chief minister (6)
14 Sick gent the SRN is to make stronger (10)
18 Did posse stagger home before becoming unwell? (10)
22 Vessel containing wine for trifles (6)
23 Back man coming in on south-east train (8)
24 Caught making trouble in back room (6)
25 Large room due to be consecrated (8)
26 Seem prepared to accept church plan (6)
27 Kindly nurse, early but not the first available (6)

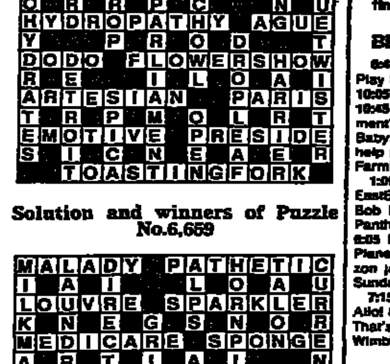
DOWN

1 Limp into dirty place with two front bedrooms (6)
2 Was once the law of prosperity (6)
3 Arab leader in Delhi, wrongly acknowledged (6)
4 Measure glue mixture inserted as normal (10)
6 Grim area unsuitable for union (8)
7 Direct loveless group in anything at all (8)
8 Patient learnt to cook (8)
13 Need doctor to admit, say, the class is corrupt (10)
15 Has a disagreement and gets excited when Sid's turned out (8)
16 Caution maid on working with mum (8)
17 Is to ring the man up on a hot line? (8)
19 Children taking first aid left when authorised (6)
20 Someone making porter on the railways a pitcher? (6)
21 Half-nude lady could be extremely boring! (6)

Solution to Puzzle No.6,670



Solution and winners of Puzzle No.6,659



Mr A.H. Brentnall, Cockermouth, Cumbria; Mr D. Brogden, Northampton; Mrs D. Lanigan, Bromsgrove, Worcestershire; Mr G.H. Low, Childwall, Liverpool; Mr A.G. McMahon, Bilbao, Spain.

SATURDAY

TELEVISION AND RADIO

† Indicates programme in black and white

BBC1

BBC2

LONDON

CHANNEL 4

S4C WALES

ANGLIA

BORDER

CENTRAL

CHANNEL

GRAMPIAN

GRANADA

HTV

Dana Andrews and Gene Tierney in "Laura," a vintage Hollywood murder mystery on C4 at 10.30 pm

SCOTTISH

TSW

TVS

TYNE TEES

ULSTER

RADIO

BBC RADIO 2

BBC RADIO 3

BBC RADIO 4

WORLD SERVICE

SUNDAY

TELEVISION

† Indicates programme in black and white

BBC1

BBC2

LONDON

ANGLIA

CHANNEL 4

S4C WALES

BORDER

CENTRAL

CHANNEL

GRAMPIAN

GRANADA

HTV

SCOTTISH

TSW

TVS

TYNE TEES

ULSTER

RADIO

BBC RADIO 2

BBC RADIO 3

RADIO 4